



**ALBANIA SMALL BUSINESS CREDIT
AND ASSISTANCE PROGRAM**



**THIRD QUARTERLY REPORT
SEPTEMBER TO NOVEMBER 2002**

Submitted by:
Chemonics International Inc.

For:
Albania Small Business Credit and Assistance Program
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1. HIGHLIGHTS OF ACHIEVEMENTS TO DATE

- Grant agreement between SBCA and RDA-NCC signed in November 2002.
- Organized TOT for RDA and PSHM staff with European Training Foundation and KPMG.
- Training delivered to 381 businesses.
- Business Counseling provided to 92 businesses.
- Thirty two SME Fund loans disbursed.
- Pre-qualification form system successfully implemented at the end of October, 2002.
- RDAs had referred 20 clients to PSHM by the end of November, 2002.
- Loan Guarantee Agreement with BKT (SBCA Loan Fund) signed on October 11, 2002.
- First 6 SBCA Fund Loans disbursed.
- Training provided to 30 BKT loan and marketing officers.
- Client database established at SBCA office.
- Power-out problems of RDAs solved through purchase of invertors and batteries.
- RDA-NCC office established and equipped.

2. SPECIFIC ACTIVITIES

Completion of or progress to date, in relation to the phases in the work plan approved by USAID:

2.1 PHASE ONE: PROJECT INSTALLATION

Activity One: Physical Project Installation

- This has been completed and described in the first SBCA quarterly report.

Activity Two: Develop One Year Work Plan

- This has been completed and described in the first SBCA quarterly report.

Activity Three: Review and Select Target Clusters

- The first stage of this activity was described in the previous SBCA quarterly report.

- New clusters will be introduced and others dropped depending on whether or not the project can continue to impact upon that particular cluster.

Activity Four: Finalize Grant and TA Agreements and Grant Manual with PSHM

- This has been completed and described in the previous SBCA quarterly report.

Activity Five: Finalize Agreement and Subcontract with RDA

- The grant agreement between the SBCA project and the RDA National Coordination Center (NCC) was signed in November 2002. The agreement confirms that the SBCA project will support the strengthening of the RDA network over the three-year project period.
- After advertising the post, and conducting interviews with a number of candidates, Mr. Edmond Sheshi was hired as the NCC Coordinator.
- The NCC is now located in offices separate from, but adjacent to, Tirana RDA.
- SBCA reports on RDA performance under five headings as follows:
 - a. The number of loan applications submitted, is based upon the pre-qualification forms system that became fully operational in October 2002. The system was described in the previous quarterly report.
 - b. The number of enterprises assisted in the agriculture and non-agriculture sectors is reported through the client sign-off sheet that is evidence that the services have been provided by the RDA to the client.
 - c. The number of businesses trained is checked through monitoring visits that SBCA staff make to each of the training events conducted by the RDAs.
 - d. The number of businesses receiving business counseling is reported from sign-off sheets as in (b) above.
 - e. The number of business assistance group training sessions held is monitored at the same time as (c) above.

The grant agreement signed between the NCC requires the NCC to submit a monthly performance report to SBCA.

Activity Six: Hire CI Local Staff

- As reported in the first quarterly report, all local CI Staff have been hired. The organization structure is under continuous review and will be adapted to changing Project needs. A diagram of the existing SBCA organization structure, and the job descriptions for each post, are included in Annex 1. Unfortunately, the current training manager, Ines Dika, resigned from her position on December 2, 2002 to move to another post. We hope to find a replacement before the end of 2002.

Activity Seven: Develop Promotional Brochures to Promote Project

- A first brochure has already been printed and distributed.
- A revised brochure, including information on our third partner, BKT, will be completed and printed in the fourth quarter of 2002/03.

Activity Eight: Kick-off Event

- This activity has been completed as described in the previous SBCA Quarterly Report.

Activity Nine: Create Website

- A project website has been established. Web pages have been designed and published online. They contain information about the Project and its partners, the RDAs, PSHM and BKT, as well as useful links to the web sites of other SME-focused projects/organizations and other USAID projects currently being implemented in Albania. The project will assist the RDAs in creating their own websites. The SBCA project web site can be reached at www.sbca-project.org.al.

Activity Ten: CI Reports on Performance to USAID

- This CI report covers the period from September to November 2002. The completed Performance-Based Management Task Schedule is shown in Annex 2.

2.2 PHASE TWO: IMPLEMENT TRAINING PROGRAM**Activity One: Evaluate RDA Structure, Staffing, Training Capacity and Physical Facilities**

- As reported in the previous quarterly report a preliminary evaluation of the RDAs has already been made. SBCA received a written request, from the RDA-NCC (on September 5, 2002), for generators, batteries and equipment for the RDAs. The project provided invertors and batteries for Tirana, Durrës, Vlora, Shkoder, Berat and Fier RDAs. This should mean that, in future, the RDAs should not experience power-out problems during the normal working day. In the fourth quarter of 2002/3 the SBCA Project will provide other equipment for the RDAs including illuminated signs, incorporating the new RDA network logo, and better training equipment.
- The RDA directors and SBCA staff have made a preliminary review of the curricula and training modules of each RDA. SBCA staff together with the NCC Director, Mr. Ilir Rembeci, have interviewed the RDA Directors on training needs for their own personnel. SBCA team members met with Mr. Fatbardh Cangu, the Albanian Director of the European Training Foundation (ETF). The ETF is responsible for the Italian Government-funded “Program for supporting SMEs & SME Managers in Albania”. This program has €2.5 million for technical assistance, €2.5 million for a proposed SME guarantee fund and €25 million for SME lending through the Albanian banks. ETF hopes that the guarantee fund will become operational in September 2003. One

of the five main components of this program is Training. KPMG won the tender for the training component and will start the TOT in January or February 2003. SBCA are discussing with KPMG ways to cooperate in developing the curriculum and in identifying trainees. A number of the trainees will be RDA employees and/or their subcontracted trainers and PSHM head office employees.

- SBCA is continuing to organize joint training to SME clients in cooperation with IFDC and Land O' Lakes projects.

Activity Two: Determine Training Needs in Selected Clusters

- Preliminary training needs have already been determined for the scrap metal, beekeeping, Dairy (milk collection), herbs and spices and fishing clusters. Training on these five clusters started in September 2002 and will continue through January 2003.
- As already mentioned in the previous quarterly report, SBCA had identified an anchor business in the scrap metal cluster. It is a Shijak-based company (InterGas) that had purchased a second-hand Italian mobile compressor capable of handling up to 100 cars per day. Although the SBCA Project had encouraged the company to enter into negotiations with Kurum International Sk.p.k., InterGas has since sold the compression machine to a Kosovan company for 80.000 Euro. Now we are working with Kurum, to plan training events for scrap dealers. Tirana RDA will organize training sessions with the Harry Fultz Technical School, which will provide the technical part of the training. Also, the Albanian Institute of Transport Studies (ITS) has agreed to issue qualifying certificates to scrap dealers that have completed approved training programs and have obtained a license from the Ministry of Industry.

Activity Three: Review/adapt/develop Training Modules/Curricula

- The RDAs have already developed a number of appropriate training modules and curricula that will be reviewed by a ST specialist from CI.

Activity Four: Train RDA Trainers/Orient Regarding Specific Sub sectors

- The SBCA Project has identified most of the RDA trainers and made a preliminary evaluation of their skills. It is already clear that the RDA trainers, including some of the RDA directors, will need further TOT training to improve their techniques.
- The CI ST specialist, Andrew Baird, will arrive on December 2, 2002 to make an evaluation of existing RDA training materials and to propose a methodology for the regular monitoring and evaluation of RDA trainers and the quality of training delivered. A copy of his SOW is shown in Annex 3.
- As explained in Activity One the systematic training of RDA trainers will start with the ETF TOT training in early 2003.

- Vlora and Gjirokastra RDA Directors have organized meetings with Land O' Lakes technical staff to review the training module and determine trainer needs for the milk collecting sub sector. They held a one-month workshop (from August 19 to September 16) to orient their trainers.

Activity Five: Jointly Conduct Practice Training of Business Owners/Managers/Staff

- During the dairy cluster training sessions, which were held in Vlora and Gjirokastra, SBCA staff monitored the performance of the trainers and the reaction of participants. The effectiveness of the trainers and the appropriateness of the training material will be continuously assessed.

Activity Six: RDA Organizes and Trains Clients

- By the end of this third quarter the SBCA Project had held 17 training events where training was delivered to 381 businesses by 7 RDAs, see Annex 4.
- **Dairy Cluster** - In cooperation with Land O' Lakes (LOL) the SBCA Project delivered 3 dairy cluster joint trainings: one in Vlora on September 24, to 18 participants and delivered by Vlora RDA; and, one in Gjirokastra on October 18, to 36 participants and in Tepelena on October 19, to 31 participants, both delivered by Gjirokastra RDA. Fier RDA delivered training to 17 livestock farmers on November 20 and 21.
- **Herbs and Spices Cluster** - Shkodra RDA has organized two training for the Herbs and Spices cluster. The RDA has been working with herbs and spices producers in Northern Albania for a number of years. The training was held on October 29 and 30, and was delivered by Owen S. Stickels, a Canadian volunteer working with Shkodra RDA, and the RDA Director Mr. Gjenerin Shantoja. There were 11 participants on the first day and 10 on the second.
- **Fishing Cluster** - The fishing cluster includes sea and lagoon fishing. On October 10 and 12, Shkodra RDA delivered training to 16 fishermen in Lezha and 17 in Shkodra. Durres RDA delivered two training events. The first one was held on October 29 and the second on November 27, 2002. Sixteen businesses attended on the first day and 25 on the second. IFDC's Executive Director of the Albanian Fishing Association, Mrs. Elida Pipa, attended both events. The former Director of Durres's Department of Fisheries, and World Bank subcontractor, Mr. Zeqir Taga, participated in the second training session. Also, in cooperation with IFDC, a training session was delivered (by Elbasan RDA) to 16 inland fishermen in Belsh on October 30.
- **Beekeeping Cluster** – Elbasan RDA delivered the first beekeeping training, to 16 participants, on November 8 and 9. Vlora RDA delivered training to 27 participants on November 14 and 15. Gjirokastra RDA trained 31 beekeepers in Gjirokastra and 28 in Tepelena between 15 and 18 November.

- **Scrap Metal Cluster** – As already mentioned above, the form of the training program for this cluster will depend upon the outcome of our meetings with Kurum International Sh.p.k.
- **Seedlings Cluster** – Fier RDA delivered training to 20 participants on November 20 and 21.
- **Olive Oil** – Berat RDA delivered training to 36 olive growers and olive oil producers on October 30 and 31.
- At the suggestion of PSHM, Elbasan RDA delivered training to 10 businessmen and women on international sales with the emphasis on how to get paid by their overseas customers.
- At the end of November 2002 the SBCA Project and the RDAs had planned 12 training events for around 220 businesses, from 4 clusters, for the fourth quarter of 2002/3. Around 230 businesses will be trained in loan application procedures. The proposed training timeline is shown in Annex 5.

Activity Seven: CI and PSHM Trains RDA on Business Planning and Loan Requirements

- Training on lending principles, business plan preparation and the agreed pre-qualification form system were delivered to RDA directors and selected PSHM staff on October 16 and 17, 2002.

Activity Eight: RDA Provides Business Counseling

- During the third quarter of 2002/3 the SBCA project in partnership with the RDAs provided business counseling to 92 private businesses as shown in the table 1 below:

Table 1: Number of Businesses Receiving Consultations from SBCA Project

RDA	No. of Businesses Consulted
Vlora	8
Shkodra	11
Fier	8
Tirana	8
Berat	8
Gjirokastra	16
Korça	13
Elbasan	14
Durres	6
Total	92

The clusters and sectors represented included: beekeeping, olive growing and processing, fishing, herbs and spices, livestock production, pig farming, fruit growing, green houses, flour production, shoe production, and seedlings.

Counseling services were provided mainly on loan application procedures, completion of pre-qualification forms for potential PSHM clients, business plan preparation, equipment procurement, management skills development, costing and pricing, export marketing, writing a marketing plan, and taxation requirements. The work schedules and fixed price sub-contracts awarded to each RDA is shown in Annex 6.

Activity Nine: RDA Reports on Performance

- A total of 92 businesses received one-on-one business counseling. A summary of clients and the services provided is shown in Annex 7.

2.3 PHASE THREE: IMPLEMENT DIRECT CREDIT PROGRAM

Activity One: Finalize and Approve Pre-award Grant Activities

- The PSHM loan Grant advance payment request package has been agreed between CI Washington and USAID Budapest. This means that funds can now be transferred directly from Budapest to the SBCA Project in Tirana. The package of documents submitted to Budapest includes:
 - Cover letter;
 - Reconciliation form;
 - Form 1034;
 - Contract Certification;
 - PSHM loan Disbursement Report; and
 - PSHM Advance Request.

The first package of documents was submitted at the end of November. We expect to receive our first transfer in early December 2002.

Activity Two: Refine Loan Product

- The direct credit loan product was described in the previous quarterly report.

Activity Three: Develop Loan Criteria and Submit to USAID for Approval

- The direct credit loan criteria were described in the previous quarterly report. We are awaiting USAID approval.

Activity Four: Orient and Train PSHM Loan Officers Regarding Production Sector and Targeted Sub sectors

- A training session for PSHM Loan Officers was held on October 17, 2002. This training covered the SBCA Project cluster approach and loan origination procedures. The pre-qualification form system and the terms and conditions for RDA business plan preparation were presented. A business plan will be required by PSHM where:
 - The client wants to produce a new product;
 - The client plans for a major expansion in their existing market;
 - It is considered as a start up activity because the business has been operating for less than six months;
 - It is considered as a start up because the client has an existing business and he/she wants to establish a different type of business activity; or
 - The business has been established for less than one year and the loan amount required is greater than USD 10,000.
- Mr. Patrick Pender, the CI short-term banking specialist, delivered training to 12 PSHM loan officers on October 16 and 17. A copy of his SOW is shown in Annex 8. The training included the following topics:
 - Interpretation of balance sheets;
 - Interpretation of profit and loss accounts;
 - The effect of new lending on profit and loss accounts;
 - Interest cover;
 - Return on investment;
 - The use and benefit of management accounts;
 - The use and benefit of funds flow and cash flow statements; and
 - Exercises and case studies relevant to all of above.

At the end of each training session participants were asked to provide recommendations and suggestions.

Activity Five: Implement Loan Program

- The process of loan origination has already been agreed between PSHM and CI. A loan pre-qualification was introduced to monitor the flow of clients between the RDAs, PSHM and SBCA. PSHM has decided that the cycle of processing a pre-qualification form should take a maximum of 30 days after which either the loan should be disbursed or the application rejected.
- The system of pre-qualification forms (PQFs) was set up on October 16, 2002. Pre-qualification forms have been distributed to all RDA and PSHM offices. 5,000 sets have been printed and the numbers registered at the SBCA office.

- At the request of BKT we will avoid the use of the word ‘guarantee’ in relation to this fund, which will be referred to as the SBCA Loan Fund. (The PSHM/SBCA credit line is known as the SME Loan Fund).
- Copies of the client’s PQFs support the approval of loan requests submitted by PSHM to SBCA for each client.
- Since the introduction of the pre-qualification form 38 client loan applications have been submitted out of which 20 were from the RDAs and 18 from PSHM.

Activity Six: PSHM Reports on Performance

- Eighty two (82) client loan applications have been processed by PSHM to date, out of which 21 were referred to PSHM by the RDAs, (see Annex 9).
- A total of 53 non-agriculture production sector businesses have been assisted and have completed pre-qualification forms (PQFs).
- A total of 29 agricultural, livestock or agribusinesses have been assisted, and have completed PQFs.
- Thirty two (32) loans in total have been disbursed out of which 10 went to agricultural or agribusiness and livestock businesses, and 22 went to non-agricultural production sector businesses.
- The total value of the loans disbursed is \$369,140. The average loan size is \$10,854. A summary of the outstanding loans is shown in Annex 10.
- Out of the 82 loan requests submitted to SBCA by PSHM, 24 loans were rejected by SBCA and 58 were approved in principle.

2.4 PHASE FOUR: IMPLEMENT CREDIT GUARANTEE PROGRAM

Activity One: Develop Loan Guarantee Concept

- The overall loan guarantee concept is based on guaranteed loans in the range of \$15,000 – 50,000. The target clients groups are the same as that for the direct credit program with PSHM. Loans can be guaranteed in the range of 30% to 80% although the average should be closer to 50%.
- On October 11, 2002, the Guarantee Agreement was signed between Chemonics International Inc. and BKT at the bank’s head office in Tirana. SBCA and BKT staff attended a celebration lunch provided by BKT.

Activity Two: Promote Concept to Commercial Banks

- This process has already been described in the previous quarterly report.

Activity Three: Orient Bank Boards

- This process has already been described in the previous quarterly report.

Activity Four: Select Guaranteed Lending Partners

- This process has already been described in the previous quarterly report.

Activity Five: Train Commercial Bank Lending Officers

- SBCA delivered training on financial analysis and lending principles to BKT bank marketing officers on October 21, 23, 24, and to BKT loan officers on October 28 and 29. A total of 30 bank officers received training. The training was delivered by Patrick Pender, the short-term banking specialist, and Arjana Xhafa, the SBCA Credit Development Manager. The training included the following topics:
 - Interpretation of balance sheets;
 - Interpretation of profit and loss accounts;
 - Effect of new lending on profit and loss accounts;
 - Interest cover;
 - Return on investment;
 - Use and benefit of management accounts;
 - Use and benefit of funds flow and cash flow statements; and
 - Exercises and case studies relevant to all of above.

The report on Pat Pender's financial analysis training mission is shown in Annex 11.

Activity Six: Set-up Referral System among RDA, PSHM and Others

- A referral system among PSHM, the RDAs, BKT and the SBCA Project has been agreed with BKT and is included in the Guarantee agreement. A flowchart of the loan approval process is shown in Annex 12.

Activity Seven: Execute Loan Guarantee Agreement and Deposit Funds

- After the finalization of the Guarantee Agreement on October 11, a Holding Guarantee account was opened at BKT. Three copies of the agreement were signed, one for BKT, one for SBCA/CI and one for USAID. The agreement was also signed in Albanian. The funds will be deposited at BKT and the transfer of funds from the

Holding Guarantee Account to the Deposit Guarantee account will be based upon the loan approval reports submitted to SBCA by BKT.

Activity Eight: Implement Loan Guarantee Program

- Loan size will be decided by the client's ability to repay. The refined SME loan product with BKT has the following terms and conditions:
 - Currency: USD or Lek;
 - Size: \$15,000–50,000 or the equivalent amount in Lek;
 - Term: up to 24 months;
 - Grace period: negotiable;
 - Payment: monthly decreasing installments for interest and principal;
 - Repayment terms depend upon the type of business;
 - Administrative fee: 1% of the principal for loans with a maturity of one year, and 2% on the principal for loans with a maturity of more than one year;
 - Legal expenses: covered by client;
 - Evaluation of collateral: The evaluation of collateral will be done through a licensed expert of BKT paid for by the client; and
 - The specific loan size will be decided according to the client's ability to repay.

Interest Rates are negotiable and will depend upon the amount of loan, maturity, type of business, etc.

- The general target for the loan will be a client that has completed at least one-year of business activity and has the capacity for significant growth. The agriculture, agribusiness and non-agricultural production sectors, and the clusters identified by the RDAs, PSHM, BKT and the SBCA Project will be the primary target for SBCA Fund loans.
- Collateral can be in the form of movable property, immovable property and/or cash. The coverage rate will be at least the 150% required by the Bank of Albania. A combination of different forms of collateral is acceptable.
- For all loans, client life insurance, and insurance on movable and immovable property, is required.
- The usual documents required from the client include financial statements for the previous three years, i.e. the same financial statements provided to the Tax Office, signed and stamped with company seal. The decision to accept financial statements for the previous one or two years will be decided by BKT on a case-by-case basis. Other current document requirements could include:
 - A business plan;
 - The status of the company (notarized);

- The Act of establishment (notarized);
 - The Court Decision (notarized);
 - A Certificate from Chamber of Commerce including company data and statutory changes (if any);
 - A license certificate from the Tax Office and all other licenses required by the company;
 - A declaration from Tax Office verifying that the customer has paid all his or her outstanding charges;
 - A declaration from the Court & Attorney's office verifying that no executive action has been taken against the client; *
 - A Declaration from the Executive Office verifying that no executive action has been taken against the customer; *
 - Declarations from other banks verifying that the client has no outstanding debts; *
 - The latest Mortgage Certificate verifying that the property is free from any obligations;
 - Related documents on the origin of the property (notarized);
 - Declaration of appraisal of collateral by an appraiser;
 - Copies of the passports of all shareholders (notarized); and
 - The family certificates of all shareholders.
- Indicative rates of interest on SBCA Fund Loans are shown in Table 2 below.

Table 2: SBCA Fund – Indicative Rates of Interest

Loans in Lek		Loans in USD	
<i>Period</i>	<i>Interest</i>	<i>Period</i>	<i>Interest</i>
Up to 3 Months	16%	Up to 3 Months	11%
Up to 1 Year	17%	Up to 1 Year	12%
Up to 2 Years	18%	Up to 2 Years	13%

- Commission rates are 1% for loans up to one year and 2% for loans up to two years.

Activity Nine: Partner CBs Report on Performance

- A total of 9 clients have been assisted, all from the non-agricultural production sectors, (see Annex 13).
- Seven loan applications were submitted to SBCA all of which have been approved, (see Annex 14).
- A total of 6 loans have been disbursed to a total loans value of \$209,231 covered by \$67,000 (average 35%) in guarantees. The average loan size is \$34,835. One client,

Peraj Sh.p.k., was disbursed on November 27, but the guarantee was not transferred to BKT until December 10. A full list of clients is shown in Annex 15.

- PSHM clients referred to BKT will not be required to submit those documents market with ‘*’. A referral letter from PSHM would be sufficient. We will endeavor to simplify documentation procedures especially for successful micro-lenders with good credit records.

3. PROBLEMS ENCOUNTERED

- Finalization of the PSHM loan fund transfer request system between USAID Budapest and the SBCA Project.
- BKT is asking for a coverage in USD for loans financed in LEK. The problem is being resolved and will require an amendment to the BKT Guarantee Agreement.

4. ANTICIPATED ACTIVITIES FOR THE PERIOD DECEMBER 2002 – FEBRUARY 2003

Phase One: Project Installation

- Recruit new training manager for SBCA office.
- Write work plan for the second year March 2003 to February 2004.
- Print and distribute a new SBCA project brochure.
- Install illuminated signs at each RDA.
- Assist RDAs to prepare their own web pages.

Phase Two: Implement Training Program

- Train a further 220 businesses in cluster focused training.
- Train 230 businesses in loan application procedures.
- Organize TOT for RDA trainers through the ETF Project.
- Introduce RDAs to new training modules.
- Bring in short-term specialists to train RDAs in using ‘Making Cents’ training materials.
- Organize, through World Learning, a study visit for RDA Directors to business centers in another European transition country.
- Provide accounting training for RDA Directors.

Phase Three: Implement Direct Credit Program

- Continue to improve the interaction between the local PSHM offices and the RDAs.
- Develop loan products for Lezhe fishermen that will supply sardines to Eurofish.
- Training in Albanian accounting for PSHM (and BKT) staff.
- Address the gender imbalance problem by designing a program to attract women borrowers

Phase Four: Implement Credit Guarantee Program

- Introduce a payment transfer system between USAID Budapest and SBCA Project.
- Organize, with World Learning, a study visit for BKT (and PSHM) staff to the U.K. or Ireland.
- Work with BKT to increase the proportion of agribusiness loans in the SBCA Loan Fund portfolio.
- Bring in a CI short-term specialist to assist BKT in developing a human resource development strategy for the Bank.
- Amendment to BKT contract relating to guarantee account in Lek.

QUARTERLY FINANCIAL UPDATE

Line Items	Cost-to-Date	Budget Estimate	Estimated Cost to Complete
Albania SBC-CLIN#1-Esti. Cost	\$508,300.05	\$2,839,286.00	\$2,330,985.95
Albania SBC-CLIN#2-Grants	\$0.00	\$227,746.00	\$227,746.00
Albania SBC-CLIN#3-Grant-Loan	\$0.00	\$2,000,000.00	\$2,000,000.00
Albania SBC-CLIN#4-Guarantees	\$0.00	\$750,000.00	\$750,000.00
Albania SBC-CLIN#5-Fixed Fee	\$25,415.07	\$180,852.00	\$155,436.93

Man-Month Summary (Professional Staff):

Name	Arrival/Departure Date (Expat/TCN) Hire/Termination Date (Local)	Person Days to Date	Projected Person Days
Jeffrey Houghton (Chief of Party – TCN)	March 20, 2002-April 8, 2002-April 30, 2004	170	740
Ronald Ivey (Senior Project Manager – Expat)	March 20, 2002-March 28, 2002	7.5	24
Marisa Cebulski (Project Administrator – Expat)	March 20, 2002-April 5, 2002	15	16
William Taylor (Procurement Agent – Expat)	April 30, 2002	.38	4
Mark Weisberg (Procurement Agent – Expat)	May 31, 2002	.32	0
Lilit Yoo (Editor – Expat)	March 17, 2002	.06	0
William Kedrock (Business Development Advisor – Expat)	June 5, 2002-June 21, 2002	13	60
Richard Smith (Banking and Guarantee Specialist – Expat)	July 3, 2002-July 6, 2002 July 29, 2002-August 11, 2002	17	36
Patrick Pender (Bank Training Specialist – Expat)	October 14, 2002-November 1, 2002	16	0
Arjana Xhafa (Business Development Specialist – Local)	April 22, 2002	139	630
Ines Dika (Business Development Specialist – Local)	April 12, 2002-January 2, 2003	147	630
Anila Arapi (RDA Coordinator – Local)	June 3, 2002	109	630
Altin Muka (Driver – Local)	March 28, 2002-May 21, 2002	52	780
Vildan Heta (Driver – Local)	May 21, 2002	119	728
Erald Kanini (Admin Assistant / Translator – Local)	March 27, 2002	149	714
Klodian Deliallisi (Office Manager – Local)	March 1, 2002	124	720
Rajmonda Mesiti (Administrative Assistant – Local)	May 13, 2002	122	758

5. ANNEXES

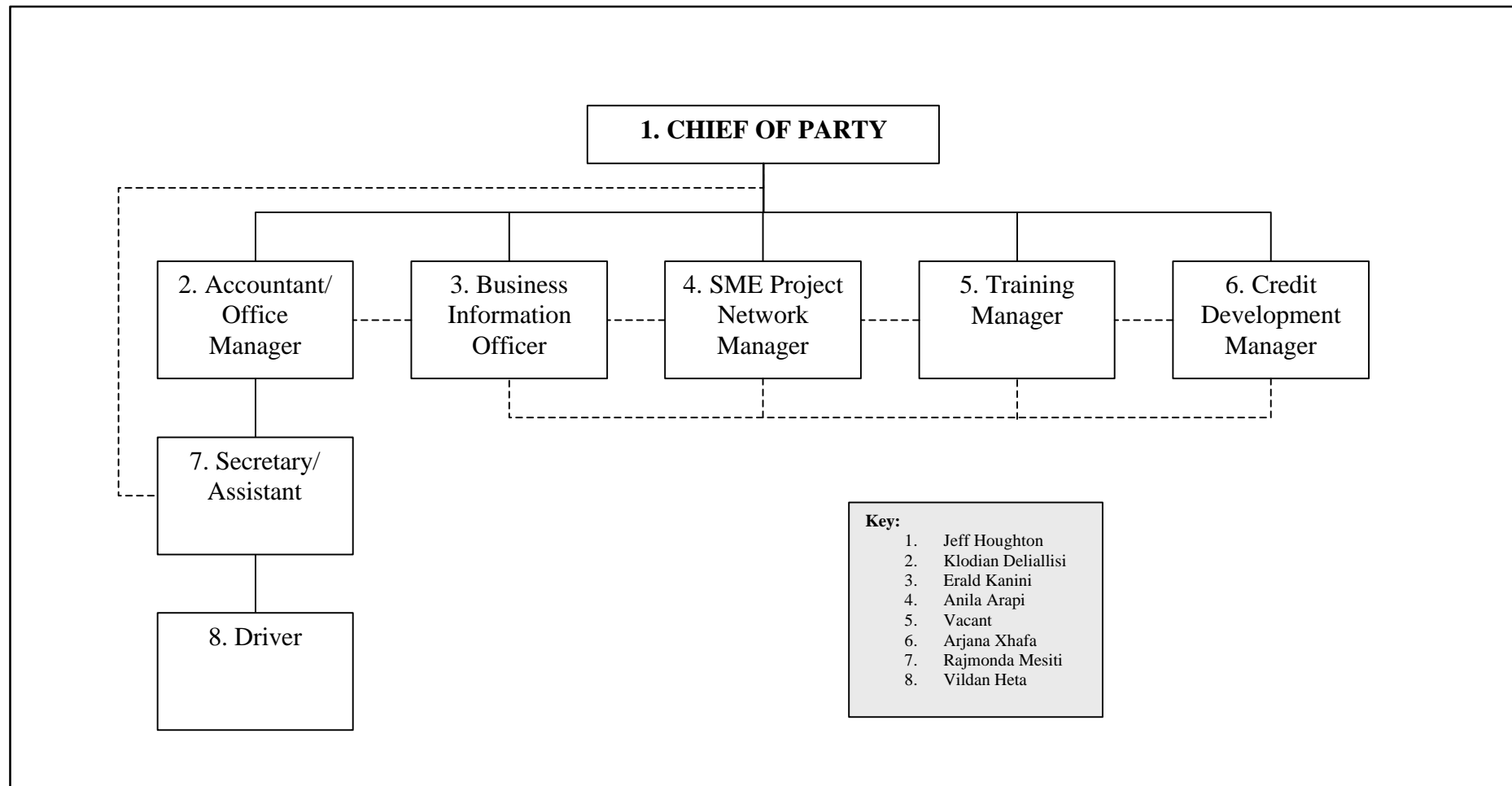
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ANNEX 1

SBCA PROJECT ORGANIZATION STRUCTURE AND STAFF JOB DESCRIPTIONS

ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROJECT

SBCA Project Organization Chart and Job Descriptions



Job Description: Office Manager/Accountant (SBCA)

Position:	Office Manager and Accountant		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
<p>Key Responsibilities:</p> <ul style="list-style-type: none"> ▪ In cooperation with the Chief of Party, draft guidelines and policies. Prepare cash requests, review expenditures and submit them for approval to the Chief of Party. Interact with the bank on an as-needed basis. ▪ Maintain personnel records for local staff, draft employment contracts for signature by the Chief of Party and ensure compliance with Local Employee Handbook and local labor laws. ▪ Establish and maintain uniformity and accuracy in field accounting procedures and ensure that accounting practices adhere to USAID and Chemonics rules and policies. ▪ Prepare documentation for internal audits on all local expenditures on a monthly basis, including local bank reconciliation and US\$ expenses. ▪ Review monthly time sheets submitted by local long-term staff and subcontractors and submit them for approval to the Chief of Party. ▪ Together with the project Business Specialists, review all local expenses reported by subcontractors for billing purposes. ▪ Develop and maintain a website for the project by incorporating the input from Chief of Party and other project staff. ▪ Together with other project staff develop and maintain a document management system, including databases of project clients. ▪ Perform any other tasks assigned by the Chief of Party. 			
Qualifications:	Good communications skills. Degree level of education. Previous experience in administration.		

Job Description: Business Information Officer (SBCA)

Position:	Business Information Officer		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
Key Responsibilities: <ul style="list-style-type: none"> ▪ Develop and maintain project databases including SME clients, RDA trainers and business consultants. ▪ Provide back-up support to the project team (Credit Development Manager, Training Manager and SME Project Network Manager). ▪ Supervise the operation of PSHM and BKT loan pre-qualification systems. ▪ Supervise the training events system. ▪ Ensure that quality of translations of technical papers and other project materials related to small business development in Albania, meets both technical and academic standards. ▪ Provide interpretation during meetings with subcontractors, during field visits and specific workshops and /or trainings. ▪ Prepare reports on site visits. ▪ Manage clusters and projects assigned by the COP. ▪ In cooperation with the Office Manager, ensure that the quality of the project publications and web site is in concordance with USAID and Chemonics standards for quality and information. ▪ The Business Information Officer must cooperate regularly with the Training Manager, the SME Project Network Manager, and the Credit Development Manager. ▪ Perform any other tasks assigned by the Chief of Party. 			
Qualifications:	Good communications skills. Degree level of education. Previous experience in administration.		

Job Description: SME Network Manager (SBCA)

Position:	SME Project Network Manager		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
<p>Key Responsibilities:</p> <ul style="list-style-type: none"> ▪ Establish a National Coordination Center (NCC) for the network of Regional Development Agencies. ▪ Develop and strengthen the relationship between individual RDAs and the NCC through the NCC Coordinator. ▪ Prepare Fixed Price Contracts (FPCs) based on Work Schedules. ▪ Conduct regular meetings with the NCC, report to COP on these meetings and make recommendations on the necessary changes to improve the coordination. ▪ Develop local small business support networks in the ten RDAs. ▪ Design projects and Work Schedules for the RDAs, aimed at providing technical assistance and consulting to Albanian SMEs identified by the project. ▪ Monitor the implementation of Work Schedules and deliverables. ▪ Make site visits to the RDAs to supervise the completion and the quality of deliverables and approve completion of Work Schedules. ▪ Manage clusters and projects assigned by the COP. ▪ Implement and monitor a costing system to be installed at the RDAs. ▪ Prepare reports on site visits. ▪ The SME Project Network Manager must cooperate regularly with the Training Manager, the Credit Development Manager, and the Business Information Officer. ▪ Report to COP on regular basis. 			
Qualifications:	Good communications skills. Master in Business Administration. Previous experience in business and project management.		

Job Description: Training Manager (SBCA)

Position:	Training Manager		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
Key Responsibilities: <ul style="list-style-type: none"> ▪ Assess and determine RDA, other Project training and training needs for Albanian small and medium enterprises. ▪ Design and implement a system for evaluating RDA subcontractors. ▪ Provide training and guidance to the RDAs in the identification of the industrial clusters and determine training needs in selected clusters. ▪ Review, adapt and develop training modules and curriculums already used by RDAs. Organize training for RDA trainers on any recommended changes to the existing modules and curriculums. ▪ Evaluate RDA trainers, training material, and physical training facilities, and provide the RDAs with training calendar. ▪ In cooperation with the NCC, organize a calendar of training events in different locations of the country and promote these activities. ▪ Develop and prepare Work Schedules for the RDAs in cooperation with the SME Project Network Manager. ▪ Evaluate and provide RDAs with training on business planning and loan requirements. ▪ Prepare regular and monthly reports on the number of enterprises trained in agribusiness and non-agribusiness sectors. ▪ Undertake site visits to RDAs in order to monitor the performance and the quality of training and other services provided under Work Schedules. ▪ Prepare reports on site visits. ▪ Manage clusters and projects assigned by the COP. ▪ The Training Manager must cooperate regularly with the SME Project Network Manager, the Credit Development Manager, and the Business Information Officer. ▪ Perform any other tasks assigned by the Chief of Party. 			
Qualifications:	Good communications skills. Post-degree level of education. Previous experience in training and business administration.		

Job Description: Credit Development Manager (SBCA)

Position:	Credit Development Manager		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
<p>Key Responsibilities:</p> <ul style="list-style-type: none"> ▪ Manage the overall process of lending project-funded credit to micro businesses and SME, through PSHM and BKT. ▪ Define loan criteria for small businesses and SMEs. ▪ Provide orientation and instructions to PSHM and BKT loan officers on the Project cluster approach. ▪ In cooperation with RDAs, PSHM and BKT, identify potential borrowers, which meet project loan criteria. ▪ Audit the files of PSHM borrowers that comply with the loan grant provisions. ▪ Develop the concept of the loan guarantee scheme and set the criteria for the selection of the partner bank. ▪ Manage implementation of the loan guarantee program. ▪ Prepare regular and monthly reports on loans performance. ▪ Prepare reports on site visits. ▪ Manage clusters and projects assigned by the COP. ▪ The Credit Development Manager must cooperate regularly with the SME Project Network Manager, the Training Manager, and the Business Information Officer. ▪ Perform any other tasks assigned by the Chief of Party. 			
Qualifications:	Good communications skills. Post degree level of education. Previous experience in banking is essential.		

Job Description: Office Assistant/Secretary (SBCA)

Position:	Office Assistant and Secretary		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
<p>Key Responsibilities:</p> <ul style="list-style-type: none"> ▪ Answer telephone calls and maintain communication by e-mail and fax with home office and other SBCA Project clients. ▪ Maintain and constantly update office files. ▪ Maintain the resource library of the project. ▪ Maintain and constantly update the database of SBCA contacts and clients. ▪ Prepare and send mail and DHL pouches and keep a log of items sent. ▪ Together with the office manager maintain the office equipment and inventory database. Ensure that all non-expendable items procured under the SBCA Project for the Tirana home office are properly labeled and entered into the database. ▪ Issue project equipment to staff for temporarily use and maintain equipments, check out tracker, to prevent scheduling conflicts between staff members. ▪ Keep minutes of meetings held in the field office and prepare related reports for the staff. ▪ Performs any other tasks assigned by the Chief of Party. 			
Qualifications:	Good communications skills. Degree level of education. Previous experience in administration.		

Job Description: Project Driver/Administrative Assistant (SBCA)

Position:	Project Driver/Administrative Assistant		
Responsible to:	Project Chief of Party	Direct Subordinates:	N/A
<p>Key Responsibilities:</p> <ul style="list-style-type: none"> ▪ Serve as the project driver and assist SBCA employees in performing project-related functions in a timely manner (including project activities in Tirana and in other areas of Albania). ▪ Provides transportation for short-term consultants under the project to/from the airport, to meetings and workshops and any other specific project activities. ▪ Ensure that the project vehicle is properly maintained, neat and clean. Determine repairs on the project vehicle and notify office manager on any defects and repairs needed and keep a log of routine services. ▪ Purchase office supplies according to the needs and requests of the COP and field office manager. ▪ Keep track of office supplies (stationery, etc.) and inform the Office Manager whenever there is a need for additional supplies. ▪ Send the project mail and DHL as needed and distribute project materials and documents to other project clients. ▪ Performs any other tasks assigned by the Chief of Party or the Office Manager. 			
Qualifications:	Excellent driving skills. Good communications skills. Previous experience with other donor-funded projects.		

ANNEX 2

PERFORMANCE-BASED MANAGEMENT TASK SCHEDULE

Performance-Based Management Task Schedule

Performance Tasks:	Calendar Year 2002						Year 1 TOTAL	Calendar Year 2003						Year 2 TOTAL	Calendar Year 2004						Year 3 TOTAL	PROGRAM TOTALS
	Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		
Number of businesses assisted in the agriculture and agribusiness sectors																						
Planned	0	49	49	84	133	300	433	171	191	362	135	497	180	677	92	82	174	55	229	60	289	1399
Actual	0	0	0	381	381	0	381			0		0		0			0		0		0	16
Variance	0	-49	-49	297	248	-300	-52	-171	-191	-362	-135	-497	-180	-677	-92	-82	-174	-55	-229	-60	-289	-1383
Explanation/Comments																						
Number of enterprises assisted in non-agriculture production sectors																						
Planned	0	33	33	58	91	205	296	124	140	264	115	379	150	529	68	58	126	34	160	46	206	1031
Actual	0	0	0	10	10	0	10			0		0		0			0		0		0	34
Variance	0	-33	-33	-48	-81	-205	-286	-124	-140	-264	-115	-379	-150	-529	-68	-58	-126	-34	-160	-46	-206	-997
Explanation/Comments																						
Number of production sector borrowers achieving positive cash flow																						
Planned	0	0	0	0	0	0	0	39	66	105	71	176	85	261	50	90	140	50	190	35	225	486
Actual	0	3	3	28	31	0	31			0		0		0			0		0		0	20
Variance	0	3	3	28	31	0	31	-39	-66	-105	-71	-176	-85	-261	-50	-90	-140	-50	-190	-35	-225	-466
Explanation/Comments																						
Number of loan applications submitted																						
Planned	0	0	0	50	50	170	220	85	100	185	70	255	90	345	60	53	113	22	135	30	165	730
Actual	0	29	29	60	89	0	89			0		0		0			0		0		0	58
Variance	0	29	29	10	39	-170	-131	-85	-100	-185	-70	-255	-90	-345	-60	-53	-113	-22	-135	-30	-165	-672
Explanation/Comments																						
Number of loans extended to agriculture, livestock, and non-agriculture SMEs																						
Planned	0	10	10	21	31	26	57	33	50	83	65	148	56	204	50	90	140	50	190	35	225	486
Actual	0	13	13	28	41	0	41			0		0		0			0		0		0	34
Variance	0	3	3	7	10	-26	-16	-33	-50	-83	-65	-148	-56	-204	-50	-90	-140	-50	-190	-35	-225	-452
Explanation/Comments																						
Number of full-time employment positions attributable to SBCA loans and training																						
Planned	0	0	0	0	0	0	0			0	75	75	75	150	100	100	200	100	300	100	400	550
Actual	0	0	0	0	0	0	0			0		0		0			0				0	
Variance	0	0	0	0	0	0	0	0	0	0	-75	-75	-75	-150	-100	-100	-200	-100	-300	-100	-400	-550
Explanation/Comments																						
Increase in client sales attributed to SBCA																						
Planned	0	0	0	0	0	0	2%							4%							5%	11%
Actual	0	0	0	0	0	0	0															
Variance	0	0	0	0	0	0	-0.02	0	0	0	0	0	0	-0.04	0	0	0	0	0	0	-0.05	-0.11
Explanation/Comments																						

ALBANIA SBCA PROJECT THIRD QUARTERLY REPORT: SEPTEMBER – NOVEMBER 2002

Performance Tasks:	Calendar Year 2002						Year 1 TOTAL	Calendar Year 2003						Year 2 TOTAL	Calendar Year 2004						Year 3 TOTAL	PROGRAM TOTALS
	Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		
Number of persons trained in loan application procedures																						
Planned	0	20	20	40	60	170	230	100	120		80		200	500	82	100		30		50	262	992
Actual	0	5	5	20	25	0	25															
Variance	0	-15	-15	-20	-35	-170	-205	-100	-120	0	-80	0	-200	-500	-82	-100	0	-30	0	-50	-262	-992
Explanation/Comments																						
Number of business assistance group training sessions held																						
Planned	0	4	4	8	12	22	34	11	13	24	8	32	12	44	6	7	13	3	15	4	19	97
Actual	0	0	0	0	0	0	0			0		0		0			0		0		0	0
Variance	0	-4	-4	-8	-12	-22	-34	-11	-13	-24	-8	-32	-12	-44	-6	-7	-13	-3	-15	-4	-19	-97
Explanation/Comments																						
Number of businesses receiving business development training																						
Planned	0	80	80	140	220	498	718	285	315	600	225	825	300	1125	145	120	265	75	340	100	440	2285
Actual	0	0	0	371	371	0	371			0		0		0			0		0		0	0
Variance	0	-80	-80	231	151	-498	-347	-285	-315	-600	-225	-825	-300	-1125	-145	-120	-265	-75	-340	-100	-440	-2285
Explanation/Comments																						
Number of businesses receiving training in specialized business practices																						
Planned	0	2	2	4	6	5	11	10	12	22	25	47	30	77	15	20	35	14	49	8	57	145
Actual	0	0	0	10	10	0	10			0		0		0								0
Variance	0	-2	-2	6	4	-5	-1	-10	-12	-22	-25	-47	-30	-77	-15	-20	-35	-14	-49	-8	-57	-145
Explanation/Comments																						
Number of businesses receiving one-on-one business counseling services																						
Planned	0	30	30	50	80	70	150	100	120	220	50	270	80	350	110	130	240	100	340	60	400	900
Actual	0	5	5	92	97	0	97			0		0		0			0		0		0	
Variance	0	-25	-25	42	17	-70	-53	-100	-120	-220	-50	-270	-80	-350	-110	-130	-240	-100	-340	-60	-400	-900
Explanation/Comments																						
Value of loans disbursed																						
Planned USD/ 000	0	50	50	200	250	700	950	330	250	580	150	730	430	1160	200	500	700	200	900	0	900	3010
Actual	0	118	118	327	445	0	445			0		0		0			0		0		0	88
Variance	0	68	68	127	195	-700	-505	-330	-250	-580	-150	-730	-430	-1160	-200	-500	-700	-200	-900	0	-900	-2922
Explanation/Comments																						
Minimum loan \$ 5,000																						
Maximum loan \$15,000 to \$16,000																						

ANNEX 3

SCOPE OF WORK FOR THE SHORT TERM RDAs TRAINER
AND TRAINING MODULES SPECIALIST

Scope of Work
Albanian Small Business Credit and Assistance Program (SBCA)
Short Term RDAs Trainer and Training Modules Specialist

Background

The Albanian Small Business and Credit Assistance Program (SBCA) is managed by Chemonics International (CI) Inc., in partnership with the sub-contractors Partneri Shqiptar në Mikrokredi (PSHM) and the Regional Development Agency Network (RDAs).

One of the SBCA programs' tasks is to undertake a review of the RDAs curriculums and training modules. SBCA team members have already reviewed the physical RDA training facilities and have attended SBCA training sessions conducted by the RDAs.

The RDAs have developed a number of training modules and curriculums. However, they are limited in number and the overall quality is not consistent. In some cases they are not appropriate for the current Albanian business environment. New modules and training concepts are needed.

Purpose

The overall purpose of the mission is to make an evaluation of existing RDA training materials, and to propose a methodology for the regular monitoring and evaluation of RDA trainers and the quality of training delivered. The proposed specialist will make recommendations on improving the inventory of quality training materials available to the RDAs, and a program of training RDA trainers in using the new and revised modules and curriculums. Further short term missions will follow from this first assignment.

Period of Performance and Specific Tasks

This assignment will begin on December 2 and end on December 13, 2002. It will include the following tasks:

TASK 1. To visit selected RDAs and to prepare an inventory of existing training modules used by the RDAs

TASK 2. To make an initial review of current RDA training materials and make recommendations on ways to strengthen and enhance them, particularly in terms of their appropriateness to support agribusiness and other sub-sectoral growth.

TASK 3. To propose a system for evaluating both the internal and sub-contracted trainers used by the RDAs.

Deliverables

DELIVERABLE 1. An inventory of training materials currently used by the RDAs.

DELIVERABLE 2. A proposed methodology for evaluating and monitoring RDA trainers.

DELIVERABLE 3. Written report on results of mission, which includes a review of existing training materials, and recommendations for new training modules and further RDA trainer development.

Roles and Qualifications of Technical Specialist

In regards to specific tasks and deliverables envisioned in this Scope of Work, the following technical expertise is required:

- Knowledge and substantial experience in enterprise development and training.
- Experience in designing systems for monitoring and evaluating SME trainers.
- Experience in delivering training to trainers and SMEs.

Reporting

During this assignment the consultant will report to the SBCA Chief of Party and will be assisted by the SBCA business development specialist responsible for client training.

Level of Effort

Task 1.	4 days
Task 2.	1 day
Task 3.	1 day
Deliverable 1.	1 day
Deliverable 2.	1 day
Deliverable 3.	2 days

Changes in the Scope of Work

The SBCA Chief of Party, who in turn may be obligated to obtain approval in writing from USAID, must approve changes to this scope of work in writing.

Proposed Technical Specialist

Andrew Baird

ANNEX 4

SUMMARY OF TRAINING ACTIVITIES CONDUCTED BY RDAs DURING THIRD QUARTER

Summary Of Training Activities During The Third Quarter

Date	Targeted Training	Location	Delivered by:	Businesses Trained
Sep. 24, 2002	Dairy cluster	Vlora	Vlora RDA (and Land O' Lakes)	18
Oct. 10-12, 2002	Fishing cluster	Lezha	Shkodra RDA (and IFDC)	16
Oct.11, 14, 2002	Fishing cluster	Shkodra	Shkodra RDA	17
Oct. 18, 2002	Dairy cluster	Gjirokastra	Gjirokastra RDA (and Land O' Lakes)	36
Oct. 19, 2002	Dairy cluster	Tepelena	Gjirokastra RDA (and Land O' Lakes)	31
Oct. 29, 2002	Fishing cluster	Durres	RDA Durres (and IFDC)	16
Oct. 29-30, 2002	Herbs and spices cluster	Shkodra	Shkodra RDA	21
Oct. 30, 2002	Fishing cluster (inland fishing)	Belsh (Elbasan)	RDA Elbasan (and IFDC)	16
Oct. 30-31, 2002	Olive oil cluster	Berat	Berat RDA	36
Nov. 8-9, 2002	Beekeeping cluster	Elbasan	Elbasan RDA	16
Nov. 14-15, 2002	Beekeeping cluster	Vlora	Vlora RDA	27
Nov. 14-15, 2002	Beekeeping cluster	Gjirokastra	Gjirokastra RDA	31
Nov. 18-19, 2002	Beekeeping cluster	Tepelena	Gjirokastra RDA	28
Nov. 18-19, 2002	Seedlings cluster	Fier	Fier RDA	20
Nov. 20-21, 2002	Livestock farmers training	Fier	Fier RDA	17
Nov. 25, 2002	International sales	Tirana	Elbasan RDA	10
Nov. 27, 2002	Fishing cluster	Durres	Durres RDA (and IFDC)	25
			Total	381

ANNEX 5

SBCA PROPOSED TRAINING TIMELINE FOR THE NEXT QUARTER

SBCA Proposed Training Timeline for the Next Quarter

Number of Businesses to be Trained	Cluster Description	Training Tentative Timeline											
		Dec-02				Jan-03				Feb-03			
		02-06	09-13	16-20	23-27	06-10	13-17	20-24	27-31	03-07	10-14	17-21	24-28
		1	2	3	4	1	2	3	4	1	2	3	4
	Carpet Production and Clothing Production Cluster												
40	Training in Korça												
40	Training in Korça												
20	Training in Korça												
	Wood Processing Cluster												
15	Training in Elbasan												
	Fish cluster												
30	Training in Saranda												
	Cross-clusters Training/Other Trainings												
15	Training in Shkodra (cross-clusters)												
15	Training in Elbasan (cross-clusters)												
15	Training in Elbasan (construction)												
15	Training in Elbasan (Grapes Production)												
15	Training in Korça (cross-clusters)												
	Trainig on Loan Application Procedures												
230	Training in various RDAs												
450	TOTAL												

ANNEX 6

WORK SCHEDULES AND FIXED PRICE SUB-CONTRACTS
AWARDED TO EACH RDA

Details of Fixed Price Sub-contracts and Work Schedules Awarded to RDA-s as of November 30 2002

FPSC Reference No.	FPSC Amount				Duration		Work Schedule	Amount	RDA	Scope of Work	Related Work Plan Activity
	Training	Consulting	¹ Services	Total	From	To					
2002-FPC-RDA-001			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Tirana	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-002			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Elbasan	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-003			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Fier	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-004			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Berat	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-005			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Gjirokaster	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-006			\$2,000	\$2,000	Jun 30	Jul 23	N.A	N.A.	Durres	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-007			\$2,000	\$2,000	Jul 5	Jul 29	N.A	N.A.	Korca	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-008			\$2,000	\$2,000	Jul 5	Jul 29	N.A	N.A.	Shkoder	Cluster Selection & Analysis	Two, 2nd phase
2002-FPC-RDA-009			\$2,000	\$2,000	Jul 5	Jul 29	N.A	N.A.	Vlora	Cluster Selection & Analysis	
2002-FPSC-RDA-010		\$460		\$460	8-Jun	Nov.15	1	\$460	Vlora	One-on-One business Counseling	
2002-FPSC-RDA-010.1				\$0			1		Tirana	One-on-One business Counseling	
TOTAL FOR PERIOD MARCH – AUGUST 2002				\$18,460							
2002-FPSC-RDA-011		\$8,508		\$8,508	Sep 11	Mar 15	1	\$2,836	Tirana	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
				\$0			2	\$2,836	Korca	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
				\$0			3	\$2,836	Elbasan	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
2002-FPSC-RDA-012		\$5,160		\$5,160	Sep 11	Mar 15	1	\$2,580	Vlora	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
				\$0			2	\$2,580	Gjirokaster	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
2002-FPSC-RDA-013		\$6,705		\$6,705	Sep 11	Mar 15	1	\$2,235	Berat	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
				\$0			2	\$2,235	Fier	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
				\$0			3	\$2,235	Shkoder	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
2002-FPSC-RDA-014		\$2,413		\$2,413	Sep 11	Feb 15	1	\$2,413	Durres	Loan applications, loan procedures & business counseling	8, phase one & 6, phase 3
2002-FPSC-RDA-015	\$744			\$744	24 Sept.	28 Sept.	1	\$288	Vlora	Marketing Mix to Dairy Farmers (Training)	6, phase two
							2	\$456	Vlora	Marketing Mix to handicraft businesses (Training)	6, phase two
2002-FPSC-RDA-016	\$0			\$0	17 Oct.	19 Oct.	1	\$0	Gjirokaster	TERMINATED	TERMINATED
2002-FPSC-RDA-017	\$844			\$844	10-Oct	11Oct.	1	\$844	Shkoder	Marketing Mix to Fishermen (Training)	6, phase two

FPSC Reference No.	FPSC Amount				Duration		Work Schedule	Amount	RDA	Scope of Work	Related Work Plan Activity
	Training	Consulting	¹ Services	Total	From	To					
2002-FPSC-RDA-018	2,722			\$2,722	12-Nov	30 Feb	1	2,722	Gjirokaster	Beekeeping cluster training	6,phase two
2002-FPSC-RDA-019	1,470			\$1,470	3-Nov	15-Nov	1	1,470	Vlora	Beekeeping cluster training	6,phase two
2002-FPSC-RDA-020	1,396			\$1,396	19-Nov	19-Nov	1	\$1,396	Gjirokaster	Landing Procedures to Dairy Farmers	6,phase two
2002-FPSC-RDA-022	16,506			\$16,506	24 Oct,02	15 Feb,03	1	\$5,502	Tirana	General Business Training	6,phase two
				\$0			2	\$5,502	Elbasan	General Business Training	6,phase two
				\$0			3	\$5,502	Korca	General Business Training	6,phase two
2002-FPSC-RDA-023	9,604			\$9,604	24 Oct,02	15 Feb,03	1	\$4,802	Fier	General Business Training	6,phase two
				\$0			2	\$4,802	Berat	General Business Training	6,phase two
2002-FPSC-RDA-024	5,082			\$5,082	24 Oct,02	15 Feb,03	1	5,082	Durres	General Business Training	6,phase two
2002-FPSC-RDA-025	2,816			\$2,816	24 Oct,02	15 Feb,03	1	2,816	Shkoder	General Business Training	6,phase two
2002-FPSC-RDA-026	2,264			\$2,264	24 Oct,02	15 Feb,03	1	2,264	Vlora	General Business Training	6,phase two
2002-FPSC-RDA-027				\$0							
TOTAL FOR PERIOD SEPTEMBER 2002 – FEBRUARY 2003				\$66,234							
TOTAL AMOUNT AWARDED AS OF NOVEMBER 30, 2002				\$84,694							

ANNEX 7

SUMMARY OF CLIENTS AND ONE-ON-ONE BUSINESS COUNSELING PROVIDED BY RDAs

Summary of One-on-One Business Counseling Provided by RDAs

RDA Vlora

RDA Vlora provided counseling services to 8 businesses representing these sectors: olive processing, livestock, and beekeeping sectors.

Counseling was provided on loan application procedures, marketing plan, costing, management skills, and export facilitation. Assistance was also given for completing the application package for PSHM loan.

RDA Durres

RDA Durres provided counseling services to 6 businesses from sectors: fishing, textile and construction sectors.

Counseling was provided on loan application procedures, preparation of business plan, completion of documentation for fish export, buying & selling contracts, how to organize the enterprise, cost calculation for production unit, interpretation of TVA (total value added) tax and customs tariffs.

RDA Shkoder

RDA Shkoder provided counseling services to 11 businesses from sectors: livestock, beekeeping, herbs and spices, vinery, and greenhouse sectors.

Counseling was provided on loan application procedures, analysis of cash flow and preparation of business plans.

RDA Fier

RDA Fier provided counseling services to 8 businesses representing the greenhouse, seedlings, and textile sectors.

Counseling was provided on loan application procedures, analysis of cash flow, business plan preparation, process automation and improvement of operations management.

RDA Tirana

RDA Tirana provided counseling services to 8 businesses from sectors: dairy, poultry, textile, construction, handicrafts, and detergent production sectors.

Counseling was provided on business plan preparation, loan application procedures, and completion of pre-qualification forms.

RDA Berat

RDA Berat provided counseling services to 8 businesses representing sectors: herbs and spices, livestock, advertisement, olive growing and processing, fishing, bakery, and greenhouse sectors.

Counseling was provided mainly on loan application procedures.

RDA Gjirokastra

RDA Gjirokastra provided counseling service to 16 businesses from: beekeeping, dairy, bakery, printing, and fishing sectors.

Counseling was provided on loan application procedures, market expansion, new technology, and preparation of business plan.

RDA Korca

RDA Korca provided counseling to 13 businesses from: textile, wood processing, fishing, printing, poultry sectors.

Counseling was provided on business plan preparation, marketing, and technology information.

RDA Elbasan

Elbasan RDA provided counseling services to 14 businesses from: wood processing, flour production, marble crafting, construction, and beekeeping sectors.

Summary of Clients and One-on-One Business Counseling Provided by RDAs

Client Name	Business	Agriculture Agribusiness [Yes/No]	RDA	Type of Assistance
				Business Counseling WSR ¹ Number
Jani Kokedhima	Olive Oil Processing	Yes	Vlora	2002-FPSC-RDA-012
Bedri Tare	Livestock	Yes	Vlora	2002-FPSC-RDA-012
Bujar Hametaj	Beekeeping	Yes	Vlora	2002-FPSC-RDA-012
Nexhip Hoxhaj	Livestock	Yes	Vlora	2002-FPSC-RDA-012
Bajram Muka	Beekeeping	Yes	Vlora	2002-FPSC-RDA-012
Guri Leskaj	Beekeeping	Yes	Vlora	2002-FPSC-RDA-012
Dilaver Rapushi	Livestock	Yes	Vlora	2002-FPSC-RDA-012
Lifter Kapaj	Beekeeping	Yes	Vlora	2002-FPSC-RDA-012
AgronTaullaj	Fishing	Yes	Durres	2002-FPSC-RDA-014
Fatbardh Gjyshi	Fishing	Yes	Durres	2002-FPSC-RDA-014
Bardhyl Murati	Kashneci shpk, shoe production	No	Durres	2002-FPSC-RDA-014
Zenel Bazi	Construction materials production	No	Durres	2002-FPSC-RDA-014
Krenar Koci	Nesta shpk, duraluminiu door production	No	Durres	2002-FPSC-RDA-014
Fatbardh Gjyshi	Fishing	Yes	Durres	2002-FPSC-RDA-014
Sander Popaj	Pig farming	Yes	Shkodra	2002-FPSC-RDA-013
Gjergj Hasani	Beekeeping	Yes	Shkodra	2002-FPSC-RDA-013
Xhelal Danaj	Medicinal Herbs	Yes	Shkodra	2002-FPSC-RDA-013
Dode Gjerkaj	Pig farming, "Aquila"	Yes	Shkodra	2002-FPSC-RDA-013
Gjovalin Toma	Fruit farming	Yes	Shkodra	2002-FPSC-RDA-013
Zef Keqaj	Medicinal Herbs	Yes	Shkodra	2002-FPSC-RDA-013
Jak Pacani	Vinery	Yes	Shkodra	2002-FPSC-RDA-013
Gjergj Margjonaj	Fishing	Yes	Shkodra	2002-FPSC-RDA-013
Gjin Arraj	Pig Farming	Yes	Shkodra	2002-FPSC-RDA-013
Pjeter Stonici	Beekeeping	Yes	Shkodra	2002-FPSC-RDA-013
Sabah Hysa	Greenhouse	Yes	Shkodra	2002-FPSC-RDA-013

¹ WSR – Work Schedule Reference Number

Client Name	Business	Agriculture Agribusiness [Yes/No]	RDA	Type of Assistance
				Business Counseling WSR ¹ Number
Vasil Sota	Seedlings	Yes	Fier	2002-FPSC-RDA-013
Atem Avdullaj ²	Pig farming	Yes	Fier	2002-FPSC-RDA-013
Xhevalin Agolli	Agro-business. Drying for export	Yes	Fier	2002-FPSC-RDA-013
Eduard Mesutaj ²	Vinery, fruit growing	Yes	Fier	2002-FPSC-RDA-013
Shkelqim Hoxha ²	Flour production	No	Fier	2002-FPSC-RDA-013
Hamza Toro ²	Potatoes seedlings grower	Yes	Fier	2002-FPSC-RDA-013
Sait Kuci ²	Livestock	Yes	Fier	2002-FPSC-RDA-013
Xhelal Kerri ²	Fruits grower	Yes	Fier	2002-FPSC-RDA-013
Nimet Musta	Shoe production for export	No	Fier	2002-FPSC-RDA-013
Hava Bega	Vegetables greenhouse	Yes	Fier	2002-FPSC-RDA-013
Mustafa Kusi	Dairy	Yes	Tirana	2002-FPSC-RDA-011
Haxhi Nurja	Poultry	Yes	Tirana	2002-FPSC-RDA-011
Pellumb Zyla	Tailoring in Kuçova	No	Tirana	2002-FPSC-RDA-011
Simon Lala	Decorative stone production	No	Tirana	2002-FPSC-RDA-011
Pashke Marku ²	Shoe production	No	Tirana	2002-FPSC-RDA-011
Gjon Gojani ²	Doors and Windows	No	Tirane	2002-FPSC-RDA-011
Zyra Aga	Handicraft	No	Tirane	2002-FPSC-RDA-013
Antonio Martini ²	Body massage	No	Tirane	2002-FPSC-RDA-013
Liljana Lule	Detergent products. In Kuçova	No	Tirane	2002-FPSC-RDA-013
Naun Shtrepi	Television	No	Berat	2002-FPSC-RDA-013
Namik Beqaraj	Herbs and Spices	Yes	Berat	2002-FPSC-RDA-013
Nezir Krap	Livestock	Yes	Berat	2002-FPSC-RDA-013
Pellumb Tahiraj	Olive grower	Yes	Berat	2002-FPSC-RDA-013
Fejzi Fisheku	Bakery	No	Berat	2002-FPSC-RDA-013
Mynyr Gjazi	Fishing	Yes	Berat	2002-FPSC-RDA-013
Fecor Toska	Olive grower	Yes	Berat	2002-FPSC-RDA-013
Rrapo Zylali	Tomato greenhouse	Yes	Berat	2002-FPSC-RDA-013

² Client provided with assistance to complete pre-qualification forms.

Client Name	Business	Agriculture Agribusiness [Yes/No]	RDA	Type of Assistance
				Business Counseling WSR ^I Number
Mihallaq Bello	Bello Confection	No	Korca	2002-FPSC-RDA-011
Petraq Balliu	Marble processing	No	Korca	2002-FPSC-RDA-011
Pork	Pork shpk	Yes	Korca	2002-FPSC-RDA-011
Spiro Bardhi	Kermill, Sh.p.k. (snail processing)	Yes	Korca	2002-FPSC-RDA-011
Minerva Cukali	Cukali, shpk; clothes production	No	Korca	2002-FPSC-RDA-011
Sezai Shehu	Shehu shpk, Egg production	Yes	Korca	2002-FPSC-RDA-011
Behar Kocibelli	Kocibelli Hotel	No	Korca	2002-FPSC-RDA-011
Thanas Kote	Kristal Shpk, business center	No	Korca	2002-FPSC-RDA-011
Vangjush Koti	Printing house	No	Korca	2002-FPSC-RDA-011
Spase Janof	Stefani Shpk, fish processing	Yes	Korca	2002-FPSC-RDA-011
Ilia Nikolla	Tailoring	No	Korca	2002-FPSC-RDA-011
Alfred Kalo	Ice-cream & fish sale	No	Korca	2002-FPSC-RDA-011
Bardhyl Latka	Wood processing	No	Korca	2002-FPSC-RDA-011
Halil Isufi	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Celo Isufi	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Adriatik Danaj	Dairy	Yes	Gjirokaster	2002-FPSC-RDA-012
Ilia Mati	Pastry Production	No	Gjirokaster	2002-FPSC-RDA-012
Spiro Pirpo	Agro business factory	Yes	Gjirokaster	2002-FPSC-RDA-012
Lirim Miho	Printing House	No	Gjirokaster	2002-FPSC-RDA-012
Sofokli Mekshi	Poultry production	Yes	Gjirokaster	2002-FPSC-RDA-012
Vasil Bakalli	Carpenter	No	Gjirokaster	2002-FPSC-RDA-012
Ylliku LLaziku	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Gizdar Serjani	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Sokol Karaulli	Pastry Production	No	Gjirokaster	2002-FPSC-RDA-012
Kristo Ajdhoni	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Budin Kale	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Celo Muci	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Cerciz Ruka	Beekeeping	Yes	Gjirokaster	2002-FPSC-RDA-012
Laver Shehu	Fishing	Yes	Gjirokaster	2002-FPSC-RDA-012

Client Name	Business	Agriculture Agribusiness [Yes/No]	RDA	Type of Assistance
				Business Counseling WSR ^I Number
3 clients in total	Wood Processing	No	Elbasan	2002-FPSC-RDA-011
4 clients in total	Flour Production	Yes	Elbasan	2002-FPSC-RDA-011
2 clients in total	Marble Production	No	Elbasan	2002-FPSC-RDA-011
3 clients in total	Construction	No	Elbasan	2002-FPSC-RDA-011
2 clients in total	Beekeeping	Yes	Elbasan	2002-FPSC-RDA-011

ANNEX 8

SHORT TERM BANK TRAINING SPECIALIST'S SOW

Scope of Work
Albanian Small Business Credit and Assistance Program (SBCA)
Short Term Bank Training Specialist

Background

The Albanian Small Business and Credit Assistance Program (SBCA) is managed by Chemonics International (CI) Inc., in partnership with the sub-contractors Partneri Shqiptar në Mikrokredi (PSHM) and the Regional Development Agency Network (RDAs).

During July and August 2002 SBCA conducted a process for the selection of the Albanian bank that would be SBCAs manage and implement the loan guarantee component of the Project and be CIs third partner. SBCAs target for the Guarantee component is to make 100 loans (in the range of \$15,000 to \$50,000) before the end of February 2005.

After a rigorous and transparent two-month selection process, Banka Kombetare Tregtare (BKT) was selected, with USAID's endorsement, as SBCAs partner Guarantee Bank on August 7, 2002.

Part of the selection process involved assessing the candidate bank's attitude to training. BKT were particularly interested in their SME lending staff receiving training in loan application evaluation techniques. PSHM loan officers and RDA directors will also be included in the training.

The SBCA project has a sub-sectoral or cluster focus. Identified clusters will be groups of production and service enterprises within a sector or sub sector. BKT has specifically requested that the SBCA clustering approach is included in the bank training. This will be delivered by existing SBCA staff.

Purpose

The overall purpose of the mission is to deliver training to at least 40 SME lending officers from Banka Kombëtare Tregtare (BKT), and PSHM and RDA directors. There will be two training groups, of around 15 people, from BKT, and a third training group of RDA Directors and PSHM loan officers.

Period of Performance and Specific Tasks

This assignment will begin on October 7, 2002 and end on October 25. It will include the following tasks:

TASK 1. To Design an SME-lending training program for delivery to at least 30 SME lending officers from (BKT).

TASK 2. To design at least two actual case studies based upon loan proposals approved by BKT and to incorporate these case studies into the training program.

TASK 3. To discuss and agree the final content of the training with BKT.

Deliverables

DELIVERABLE 1. Two three-day training sessions for BKT Lending officers and one two-day training session for RDA/PSHM/SBCA staff.

DELIVERABLE 2. Written report on results of training and recommendations for further BKT staff training

Roles and Qualifications of Technical Specialist

In regards to specific tasks and deliverables envisioned in this Scope of Work, the following technical expertise is required:

- Knowledge and substantial experience in lending to small businesses
- Experience in designing and implementing SME loan and guarantee programs in a number of transitional countries and LDCs
- Experience in delivering training to middle level bank employees
- Extensive senior management level banking experience

Reporting

During this assignment the consultant will report to the SBCA Chief of Party.

Level of Effort

Task 1.	3 days
Task 2.	2 days
Task 3.	1 day
Deliverable 1.	8 days
Deliverable 2.	1 days

Changes in the Scope of Work

The SBCA Chief of Party, who in turn may be obligated to obtain approval in writing from USAID, must approve changes to this scope of work in writing.

Proposed Technical Specialist

Patrick Pender

ANNEX 9

SME FUND LOAN APPLICATIONS SUBMITTED DURING THIS QUARTER

SME Fund Loan Applications Submitted During the Third Quarter

No	Name Surname	District	Date of Application	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decision	Date of Disbursement	Date of rejection	Purpose of loan	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR					
SEPTEMBER 2002																
30	Xhaferr Duraku	Elbasan		Wood processing	PSHM	700,000			700,000			Approved	22/08/2002		working capital	
31	Isa Alibali	Shkoder		Production of breads	PSHM	700,000			700,000			Approved	29/05/2002		equipment & working capital	
32	Rakip Kovaci	Kruje		Production of breads	PSHM	700,000						Rejected		9/2/2013	equipment & working capital	Many clients financed in this sector
33	Shkelqim Cela	Kruje		Production of breads	PSHM	900,000						Rejected		9/2/2013	equipment & working capital	Many clients financed in this sector
34	Mimoza Lame	Tirane		Production of flour	PSHM	750,000						Rejected		9/2/2013	working capital	Many clients financed in this sector
35	Gjon Pleshaj	Shkoder		Production of dairy	PSHM	700,000			700,000			Approved	29/05/2002		equipment & working capital	
36	Myftar Jaho	Durres		Hotel	PSHM	800,000						Rejected		9/2/2013	for invetsment	Do not fit with cluster
37	Bajram Cala	Durres		Hotel	PSHM	1,000,000						Rejected		9/2/2013	for invetsment	Do not fit with cluster
38	Qazim Kuci	Lushnje		Production of breads	PSHM	700,000						Rejected		9/2/2013	equipment & working capital	Many clients financed in this sector
39	Hajredin Cela	Tirane		Production of bed sheets	PSHM	850,000			850,000			Approved	20/06/2002		investmnt and equipment	
40	Pranvera Shima	Tirane		Gravel Rock Mining	PSHM	1,000,000						Rejected		9/2/2013	investment & working capital	Many clients financed in this sector
41	Theodhor aq Pashaj	Vlore		Production of flowers and green areas maintenance	PSHM	1,000,000			1,000,000			Approved	02/05/2002		investment & working capital	
42	Shkelqim Hoxhaj	Fier		Production of flour	PSHM	3,500,000			3,500,000			Approved	23/05/2002		working capital	

No	Name Surname	District	Date of Application	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decision	Date of Disbursement	Date of rejection	Purpose of loan	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR					
43	Alban Dedja	Shijak		Production of breads	PSHM	2,000,000						Rejected		9/2/2013	purchase equipment	Many clients financed in this sector
44	Kozeta Shkemi	Tirane		Production of breads	PSHM	2,000,000						Rejected		9/2/2013	purchase equipment	Many clients financed in this sector
45	Ylli Berdaj	Tirane	16/09/2002	Wine producer, grapes juices, vinegar	PSHM	1,500,000			1,500,000			Approved 9/10/2002	23/09/2002			
46	Faik Palushi	Tirane	30/09/2002	Wood processing	PSHM & SBCA	700,000						Approved 9/10/2002	28/10/2002			
47	Institute of Maicer and Rice	Shkoder	16/09/2002	Seed Processing	PSHM	1,600,000			1,600,000			Approved 9/10/2002	09/10/2002			
48	Kujtim Kopliku	Shkoder	16/09/2002	Juice Production	PSHM	1,500,000			1,500,000			Approved 9/10/2002	09/10/2002			
OCTOBER 2002																
49	Vasil Sota	Fier	11/10/2002	cultivation of clams	Fieri RDA		11,000			11,000		Approved 21/10/2002	21/10/2002			
50	Dashnor Hysi	Tirane	10/11/2002	production of furniture	PSHM	1,000,000			1,000,000			approved 21/10/2002	21/10/2002			
51	Ndricm Allaj	Elbasan	14/10/2002	flour production	Elbasan RDA	2,500,000			2,500,000			approved 25/10/2002	24/10/2002			
52	Bashkim Sylkaj	Tirane	14/10/2002	Production of tar and bitumen	PSHM		25,000					approved	still in process			
53	Shaqir Tafaruci	Durres	24/10/2002	Production of tiles	PSHM			20,000				approved 25/10/2002				
54	Institute of maicer and rice	Shkoder	07/10/2002	Seed processing and production	PSHM	3,000,000			3,000,000			approved 4/11/2002	31/10/2002			
55	Viktor Sauli	Fier	11/10/2002	Production of ham and sausages	Fieri RDA	1,000,000			1,000,000			approved 4/11/2002	30/10/2002			

No	Name Surname	District	Date of Application	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decision	Date of Disbursement	Date of rejection	Purpose of loan	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR					
56	Ferit Balla	Tirana	01/11/2002	Production of carton package and hygienic paper.	PSHM		20,000					approved 5/11/2002	still in process			
57	Mezan Resuli	Durres	01/11/2002	Clothes fashion production.	PSHM	2,000,000						approved 5/11/2002	still in process			
58	Hysen Mani (*)	Saranda	30/09/2002	collection of mollusks	Vlora RDA			40,000		25,000		approved 5/11/2002	still in process			
59	Antonio Martini	Tirana	31/10/2002	Physiotherapy	Tirana RDA		7,000						Rejected 5/11/2002	5/11/2002		Rejected from PSHM & SBCA because will be considered as a micro borrower.
60	Guri Leskaj	Vlora	13/09/2002	Beekeeping	Vlora RDA		15,000						Rejected 5/11/2002	5/11/2002		Rejected by PSHM & SBCA as result of not enough collateral to cover the loan.
61	Atem Avdullaj	Fier	14/10/2002	Livestock	Fieri RDA	1,000,000							Rejected 25/10/2002	25/10/2002		The client is rejected from both SBCA and PSHM because from its activity will be considered as a micro borrower.
66	Sander Popaj	Shkoder	30/10/2002	Livestock	Shkodra RDA	2,000,000						approved 13/11/2002	still in process			
NOVEMBER 2002																
62	Osman Lala	Tirana	6/11/2002	Carpenter	PSHM	2,000,000			1,000,000			approved 11/11/2002	16/09/2002			
63	Lavdi Pashkaj	Shkoder	7/11/2002	Carpenter	PSHM		7,500			7,500	7,500	approved 13/11/2002	2/11/2002			
64	Fehmi Golemi	Shkoder	7/11/2002	Shoe production	PSHM		25,000					approved 13/11/2002	still in process			
65	Xhelal Danaj	Shkoder	7/11/2002	Collection of medicinal herbs	Shkodra RDA	700,000						approved 13/11/2002	still in process			

No	Name Surname	District	Date of Application	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decision	Date of Disbursement	Date of rejection	Purpose of loan	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR					
67	Agron Taullaj	Durres	06/11/2002	Livestock	Durresi RDA	2,000,000						approved 13/11/2002	still in process			
68	Fatbardh Gjyshi	Durres	4/11/2002	Fish collection	Durresi RDA		25,000					approved 13/11/2002	still in process			
69	Arti Kapplani	Tirane	6/11/2002	Production of deserts	PSHM		25,000					Approved 19/11/2002	still in process			
70	Ruzhdi Xhumra	Tirane	6/11/2002	Livestock, husbandry	PSHM		25,000					approved 19/11/2002	still in process			
71	Thoma Binaj	Vlora	5/11/2002	Livestock, husbandry	PSHM	2,000,000						approved 14/11/2002	still in process			
72	Nexhip Hoxhaj (8)	Vlora	24/10/2002	Livestock, husbandry	Vlora RDA		7,000					approved 14/11/2002	still in process			
73	Dilaver Rrapushi	Vlora	5/11/2002	Livestock, husbandry	Vlora RDA	300,000						approved 14/11/2002	still in process			
74	Mustafa Kusi	Durres	20/11/2002	Dairy	Tirana RDA		5,000					rejected 26/11/2002		26/11/2002		Rejected by SBACA & PSHM because the client has other debts.
75	Baki Rezi	Tirane	1/11/2002	Leather processing	PSHM		10,000					rejected 26/11/2002		26/11/2003		The client was not sharing the information and did not offer adequate security.
76	Ilirian Kokedhim a	Vlora	18/11/2002	Olive Oil production	PSHM		10,000					rejected 26/11/2002		26/11/2004		withdrew without any reason
77	Zyra Agoi	Tirane	12/11/2002	Handicraft	Tirana RDA	600,000						rejected 26/11/2003		26/11/2005		Was considered as a micro loan
78	Eduard Mesutaj	Fier	7/11/2002	Meat processing	Fieri RDA	1,000,000						rejected 26/11/2004		26/11/2006		Offered a land as security but it was not registerd.
79	Dilaver Rrapushi	Vlora	5/11/2002	Livestock	Vlora RDA	300,000						rejected 26/11/2005		26/11/2007		Was considered as a micro loan
80	Bajram Muka	Vlora	23/10/2002	Beekeeper	Vlora RDA		5,000					rejected 26/11/2006		26/11/2008		The security that he offered was not registered.
81	Bujar Hametaj	Vlora	19/11/2002	Beekeeper	Vlora RDA		5,000					approved 26/11/2002				

No	Name Surname	District	Date of Application	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decision	Date of Disbursement	Date of rejection	Purpose of loan	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR					
82	Xhevalin Agolli	Vlora	21/10/2002	Fruits & vegetables processing	Fieri RDA		12,000					approved 26/11/2003				

(*) The client has applied in September through RDA Vlora but the request for approval was presented to SBCA in October 2002. Also the client Nexhip Hoxhaj filled the prequalification in October but it was presented at SBCA in November.

ANNEX 10

OUTSTANDING SME FUND LOANS AS OF NOVEMBER 2002

Loan Disbursement Report – Outstanding Loans as of November 30, 2002

No.	Client Code	Company	Gender	City	Activity	Amount Disbursed			Disbursed (Converted in USD)	Date of Disbursement	Date of Maturity	Outstanding Principal			Outstanding Principal in USD	Funds Inflow
						LEK	USD	EURO				LEK	USD	EUR		
MAY 2002																
1	108382	Theothorag Pashaj	M	Vlore	Flower production and maint. of green areas	1,000,000			7,143	02/05/2002	02/08/2003	621,954			4,443	2,700
2	100467	Shkelqim Hoxhaj	M	Fier	Production of flour	3,500,000			25,000	23/05/2002	23/05/2003	2,121,206			15,151	9,849
3	100092	Isa Alibali	M	Shkoder	Bread production	700,000			5,000	29/05/2002	29/07/2004	470,391			3,360	1,640
4	101996	Gjon Pleshaj	M	Shkoder	Production of dairies	700,000			5,000	29/05/2002	30/11/2003	615,775			4,398	602
JUNE 2002																
5	100022	Hajredin Cera	M	Tirane	Production of bed sheets	850,000			6,071	20/06/2002	20/12/2003	674,939			4,821	1,250
JULY 2002																
6	100288	Rasim Gjika	M	Kruje	Meat processing		10,000		10,000	01/07/2002	03/01/2004		8,042		8,042	1,958
7	107911	Dragush Vogli	M	Kruje	Wood artistic processing			7,064	6,925	01/07/2002	01/10/2003			5,364	5,259	1,667
8	108072	Bilbil Abazi	M	Tirane	Bakery	800,000			5,714	01/07/2002	01/11/2002	0			0	5,714
9	107129	Tonin Gjinollari	M	Tirane	Bakery	1,500,000			10,714	12/07/2002	03/01/2003	518,275			3,702	7,012
10	106807	Gezim Kasemi	M	Fier	Production of iron works	850,000			6,071	19/07/2002	19/03/2004	742,032			5,300	771
11	106080	Simon Lala	M	Tirane	Mining of granite stones		20,000		20,000	25/07/2002	26/07/2004		20,000		20,000	0
12	100213	Gjovalin Shtjefni	M	Shkoder	Printing house	1,000,000			7,143	31/07/2002	02/02/2004	854,076			6,101	1,042
13	109014	Zef Keqaj	M	Shkoder	Medicinal herb processing	400,000			2,857	31/07/2002	31/05/2003	217,081			1,551	1,307

No.	Client Code	Company	Gender	City	Activity	Amount Disbursed			Disbursed (Converted in USD)	Date of Disbursement	Date of Maturity	Outstanding Principal			Outstanding Principal in USD	Funds Inflow
						LEK	USD	EURO				LEK	USD	EUR		
AUGUST 2002																
14	100192	Arben Kolaj	M	Shkoder	Dairy processing	1,800,000			12,857	02/08/2002	03/02/2004	1,535,925			10,971	1,886
15	106080	Ndue Macaj	M	Tirane	Processing of marbles	800,000			5,714	08/08/2002	08/08/2003	617,027			4,407	1,307
16	100211	Xhaferr Duraku	M	Elbasan	Wood processing	700,000			5,000	22/08/2002	22/08/2003	594,028			4,243	757
17	109105	Sotiraq Duci	M	Tirane	Production of iron nets	2,000,000			14,286	29/08/2002	29/10/2003	1,742,769			12,448	1,837
SEPTEMBER 2002																
18	100013	Shpetim Bejleri	M	Tirane	Prodcution of fruits & vegetables canning		10,000		10,000	02/09/2002	02/09/2004		9,310		9,310	690
19	106317	Shpetim Mehmetaj	M	Tirane	Detergent production		13,000		13,000	10/09/2002	02/03/2004		11,711		11,711	1,289
20	109172	Ali Nerjaku	M	Durres	Scrap metal	2,800,000			20,000	10/09/2002	10/09/2003	2,372,856			16,949	3,051
21	107721	Merian Mati	M	Shijak	Furniture production		11,000		11,000	11/09/2002	11/05/2004		10,057		10,057	943
22	106359	Qamil Sylja	M	Tirane	Printing house		25,000		25,000	20/09/2002	20/09/2004		25,000		25,000	0
23	107789	Eliverta Shtylla	F	Tirane	Production of trahana and trade of vegetables	2,000,000			14,286	19/09/2002	19/03/2004	1,815,000			12,964	1,321
24	100048	Ylli Berdaj	M	Tirane	Production of vinegar, grape juice and wine	1,500,000			10,714	23/09/2002	23/09/2003	1,348,904			9,635	1,079
25	108247	Osman Lala	M	Tirana	Production of wood furnitures	1,000,000			7,143	16/09/2002	16/09/2003	908,673			6,491	652
OCTOBER 2002																
26	100360	Kujtim Kopliku	M	Shkoder	Juice production	1,500,000			10,714	09/10/2002	09/05/2004	1,500,000			10,714	0
27	100048	Dashnor Hysi	M	Tirana	Wood processing	1,000,000			7,143	21/10/2003	21/09/2003	1,000,000			7,143	0

No.	Client Code	Company	Gender	City	Activity	Amount Disbursed			Disbursed (Converted in USD)	Date of Disbursement	Date of Maturity	Outstanding Principal			Outstanding Principal in USD	Funds Inflow
						LEK	USD	EURO				LEK	USD	EUR		
28	109436	Vasil Sota	M	Fier	Cultivation of Flowers	1,600,000			11,429	21/10/2002	21/07/2003	1,600,000			11,429	0
29	108714	Ndricim Allaj	M	Elbasan	Production of flour	2,500,000			17,857	24/09/2002	24/04/2004	2,500,000			17,857	0
30	109306	Faik Palushi	M	Tirana	Carpenter	700,000			5,000	28/10/2002	28/04/2004	700,000			5,000	0
31	194486	Viktor Sauli	M	Fier	Meat Processing	1,000,000			7,143	30/10/2002	01/06/2003	1000000			7,143	0
32	107159	Institute of Maize and rice		Shkoder	Seed Processing and Production	3,000,000			21,429	31/10/2002	01/06/2003	3,000,000			21,429	0
NOVEMBER 2002																
33	*	Mezan Resuli	M	Durres	Clothes Production	2,000,000			14,286	14/11/2002	14/11/2003	2000000			14,286	0
34	*	Lavdi Pashkaj	M	Shkoder	Wood Processing		7,500		7,500	13/11/2002	15/11/2004		7500		7,500	0
TOTAL						37,200,000	96,500	7,064	369,140			31,070,911	91,620	5,364	318,814	50,326

* Loans to these clients have been disbursed but the customer account number will be reported on December 11, 2002 which is PSHM's date of reporting.

ANNEX 11

SHORT-TERM BANK TRAINING SPECIALIST'S MISSION REPORT

REPORT ON FINANCIAL ANALYSIS TRAINING

FOR STAFF AT:

**REGIONAL DEVELOPMENT AGENCY (RDA)
PARTNERI SHQIPTAR NE MIKROKREDI (PSHM)**

AND

**BANKA KOMBETARE TREGTARE (BKT)
TIRANA - ALBANIA**

Date: October 31, 2002

Prepared by:
Pat Pender
Short Term Consultant
Chemonics International Inc. (SBCA)

1.0 INTRODUCTION:

The overall purpose of the assignment was to deliver training in financial analysis to improve loan application evaluation techniques. This was to be provided to approximately 40 SME lending officers from the Banka Kombetare Tregtare (BKT) in Tirana. BKT has become a partner of Chemonics International in the execution of the Albania Small Business Credit and Assistance program (ASBCA) by virtue of a credit guarantee to facilitate loan-making to small businesses. A similar training was also provided to the staffs of the Regional Development Authority (RDA), Partneri Shqiptar ne Microkredi (PSHM) and the Albania Small Business Credit and Assistance program.

1.1 METHODOLOGY:

The work program was divided into three tasks and two deliverables as outlined below.

TASKS:

- Task 1:** Design an SME lending training program to BKT.
Task 2: Design two actual case studies based on loans approved and incorporate these into the training program.
Task 3: Discuss and agree the final content of the training with BKT.

DELIVERABLES:

- Deliverable 1:** Two three-day training sessions for BKT lending officers and one two-day training session for RDA/PSHM/SBCA staff. The training was delivered to RDA/PSHM/SBCA staff on 17th and 18th October 2002; for BKT staff on 21st, 22nd, 23rd, 28th and 29th October 2002.
Deliverable 2: Written report on results of training and recommendations for further training for BKT staff, completed 31st October 2002.

1.2 REPORTING RELATIONSHIP:

During the assignment the consultant (Pat Pender, Credit Training Specialist) reported to the ASBCA Chief of Party, Jeffrey Houghton. The consultant worked directly with the ASBCA Credit Development Manager, Arjana Xhafa.

2.0 COURSE CONTENT:

The main topics covered in the bank loan officer training were:

- Interpretation of balance sheets;
- Interpretation of profit and loss accounts;
- Effect of new lending on profit and loss accounts;
- Interest cover;
- Return on investment;

- Use and benefit of management accounts;
- Use and benefit of funds flow and cash flow statements;
- Exercises and case studies relevant to all of above.

The training materials employed are available from the Chief of Party at the ASBCA office in Tirana, Albania.

The findings and recommendations are presented separately for BKT and RDA/PSHM.

2.1 FINDINGS: (BKT)

2.2 COURSE PARTICIPANTS:

- The target audience for each of the training sessions had not been fully identified as a result of a prior training needs analysis. This resulted in a range of knowledge among the participants from that of beginner to fully competent credit analysts. To make training more relevant the fully competent participants “culled” from the training programs. (Three participants from the Credit and Corporate Department were exempted from the training as they demonstrated that they were already familiar with the material.) This had the effect of shortening the second course by one day, but as there were sufficient numbers remaining for the first course, the schedule was covered in three days.
- Both groups were lacking in self-confidence and were fearful of asking questions during sessions as they perceived their “deficiencies” would be reported to management. The marketing group was particularly reticent, lacking in drive and initiative.
- Neither group was prepared to defend solutions to exercises or case studies when challenged by the course presenters. Some in each group exhibited a high level of disinterest in the proceedings and others left without giving any excuse or reason to anyone.
- There were, however, some highly skilled analysts in both groups for whom a more advanced level of training would have been beneficial.
- Three-day training courses on financial analysis can only touch superficially on the basic elements and falls short of providing competence. A mini training needs analysis of the participants held after each course identified their perceived needs, which were different in some respects from the course content. There was an apparent lack of soft skills such as selling, product knowledge, interviewing and negotiating.
- The training attempted to provide new ideas and different ways of undertaking the work.

2.3 COURSE VENUES:

While it is appreciated that every effort was made by BKT to provide suitable facilities for the training sessions, the following observations can be made:

- The training room was small, very warm, had a low ceiling and was laid out in a much too formal classroom style.
- There was no identification of the participants by name, location or position / rank within the bank. A list of those attending was not readily available.
- Sessions of 1.5 hours as agreed between ASBCA and the bank were found to be too long for attention and energy levels to be maintained by the participants.
- The canteen whilst very efficient with pleasant staff does not have sufficient space to adequately accommodate trainees for lunch and coffee breaks.

2.4 GENERAL:

The head of BKT's Credit Department, Mr. Bulent Kasaci, wants to provide his credit staff with the best possible financial analysis training. He has a very good understanding and vision for this. Both he and his staff were interested on a daily basis in the progress of our work and we met with them regularly to discuss all aspects of the training program. They supported us in every possible way and were most cooperative and helpful. We appreciate their collaboration.

3.0 RECOMMENDATIONS:

To ensure that the most efficient use of resources and the greatest benefit can be derived from any future training the following recommendations are made.

3.1 TRAINING NEEDS ANALYSIS:

An immediate training needs analysis of all staff involved in lending in branches and departments in BKT should be undertaken. A sample form for this purpose is shown in Appendix 1. Managers and supervisors in each branch or department should complete the analysis form. Prior to completing the forms, managers and supervisors should be briefed by the Credit Department Head on the purpose, aims and policies for the training needs analysis and all training ensuing. Additionally, they should be made familiar with the method for completing the forms in order to ensure uniformity of the information compiled, along with an awareness of the courses to be delivered in the training program (see 3.2 below). This will identify the real level of skill present among the staff and facilitate the design of appropriate training for properly selected groupings.

3.2 LENDING TRAINING COURSE DESIGN:

Credit training is ideally suited to a modular design and integrated approach. Based on my observations of the training needs in BKT, a sample for a modular program that may suit these needs is provided in Appendix 2. This list is not intended to be complete but rather as a basis for further development.

As can be seen, the recommendations for this program also include courses in lending interviewing skills, lending writing skills and commercial analysis by sector. This analysis by sector is very important and should support the policies of the bank in these areas. Other training must be undertaken in negotiating, product knowledge and selling skills.

All future training must contain pre-coursework for the course participants, coupled with an end-of-course assessment. This assessment should be followed by in-branch mentoring and evaluation by management for 3/6/12 months to ensure the utilization of the skills learned during the formal training.

3.3 UNDERTAKING NEEDS ANALYSIS AND COURSE DESIGN / DELIVERY:

Correct analysis and identification of the training needs are highly important. If undertaken correctly they will bring the lending skills in BKT up to the required level to enable it to compete in the developing marketplace. It is recommended that an international training specialist be employed to undertake this work using international professional standards. It could be undertaken in several segments over a 12 to 15 month period.

Defining policies for training and lending that are both understood by and communicated to all staff will ensure the success of the training. Therefore, the specialist employed should also have responsibility and authority to advise the implementation of the training and associated lending strategies.

3.4 HUMAN RESOURCES POLICIES:

The training function should operate according to the personnel/human resources policy of a bank. It is accordingly recommended that the Credit Department should continue to work closely with the Human Resources Department. But additionally they should also identify staff with an aptitude and suitability for lending work. The two departments should jointly set out a career development plan for each individual that includes a training program that can be monitored for progress and adjustment where necessary. Additionally, ASBCA could provide an independent Human Resources Development expert to provide ongoing intermediate technical assistance to develop BKT's human resources function.

3.5 VENUES:

It is recommended that all future training be held at a training venue, external to the BKT head office complex. The rationale is that staff from rural branches, in particular, may be intimidated or at least inhibited by the head office. The change in location should solve this problem.

The international training specialist can offer assistance on venue, layout, etc.

3.6 FINDINGS (RDA / PSHM):

3.7 PARTICIPANTS:

- PSHM staff had a low level of knowledge on financial analysis techniques, with practically no familiarity with bank lending.
- Skill levels of the target audience had not been predetermined.
- RDA staff include a limited number of persons who were competent in financial analysis and understood the lenders' role and practices.

- Participants from both groups showed interest in the presentation and a lively discussion and exchange of views ensued.
- This two-day program was insufficient to improve skill levels to the required standard.

3.8 RECOMMENDATIONS:

- Staff with skill deficits should be identified for further training.
- Initially, this training should be a basic course in financial analysis, followed by other courses until the required lending skills are achieved (see possible course types in Appendix 2).
- The training needs analysis, course design and delivery should be led by an international training specialist (see section 3.3 above).

4.0 CONCLUSION:

The program in financial analysis training just concluded can be considered worthwhile. A firm platform for further training activities and skill development have now been established. The findings and recommendations outlined above will assist all parties involved to have a full understanding of the requirements to move forward. The proposed course of action should ensure that all staff (of BKT, RDA and PSHM) working in lending, sales and assessments are fully trained and competent to successfully undertake their jobs. There is a good skill base present within these three groups and the challenge for management will be to build on and further utilize that base.

Appreciation is expressed to all who were involved in working, supporting and advising during the duration of the training.

Appendix II

LENDING SKILLS DEVELOPMENT PROGRAM (PROPOSED OUTLINE)

COURSE 1

Foundation course in lending

Participants: Staff who have recently become involved in lending.

Objectives

Participants will be able to:

1. Understand bank lending practices and guidelines
2. Deal effectively with aspects of lending outlined below

Content

1. Principles of lending
2. Repayment capacity
3. Grading of loans
4. Introduction to interviewing
5. File maintenance standards

COURSE 2

Financial Analysis (1)

Participants: Staff who analyze and interpret financial statements of individual entrepreneurs, partnerships and SMEs.

Objectives

Participants will be able to assess and understand financial performance.

Content

1. Content and functions of balance sheets, profit and loss accounts and cash flow statements
2. Analysis of historical financial statements and interpretation of emerging trends from the figures

COURSE 3

Financial analysis (2)

Participants: Staff who are currently involved in lending and who manage a commercial portfolio.

Objectives

1. Participants will have comprehensive and in-depth knowledge of credit analysis.
2. They will be able to use this knowledge to assess lending proposals.

Content

1. Historical account extraction and analysis
2. Analysis of projected financial information
3. Financial and non-financial business risks
4. Working capital management and funding
5. Assessment of repayment capacity
6. Analysis of new business proposals

COURSE 4**Lending interviewing skills**

Participants: Staff members who need to improve lending interviewing skills and techniques.

Objectives

Participants will be able to:

1. Approach and conduct a credit-related interview in an effective and structured way.
2. Obtain all the relevant data required to make a lending decision.
3. Apply negotiating skills to secure best benefits for the client and customer.

Content

Key skills of interviewing:

- Preparation for and organization of a lending-related interview
- Questioning, listening, summarizing and clarifying
- Non-verbal communications
- Negotiating skills

COURSE 5**Lending writing skills**

Participants: Staff who need to enhance their written communication skills

Objectives

Participants will be able to write letters, memoranda and credit applications in a clear, concise and logically structured manner.

Content

1. Appropriate use of words, sentences and paragraphs
2. Sequence and structuring of information
3. Writing letters, memoranda and financial reports including:
 - Credit applications
 - File memoranda
 - Credit department communications (HO)
 - Lending-related correspondence to customers

COURSE 6**Commercial lending and analysis by sector**

Participants: Lenders who require detailed knowledge of specific commercial sectors and sub-sectors.

Objectives

Participants will be able to effectively assess credit proposals relating to specific sectors and sub-sectors, e.g. fishing, hotels, manufacturing, etc.

Content

- Industry trends
- Trading characteristics
- Lending opportunities within a sector or sub-sector
- Implications of lending to individual enterprises within sectors
- How to recognize a well-run business

COURSE 7**Management and delegation of lending**

Participants: Lenders performing a management or supervisory function in a lending area with responsibility for others.

Objectives

Participants will be able to:

1. Manage and control a lending portfolio
2. Delegate lending functions to others

Content

1. Effective delegation
2. Formalized discretion

3. Control and organization of workflow
4. Quality control of delegated lending

COURSE 8

Debt recovery procedures

Participants: Staff involved or about to be involved in debt recovery

Objectives

Participants will understand and be able to apply the appropriate procedures for achieving maximum recovery of outstanding debts.

Content

1. Account control procedures
2. Legal remedies open to the bank for:
 - Secured debts
 - Unsecured debts
3. Costs associated with various methods of debt recovery
4. Negotiating skills in debt recovery.

COURSE 9

Senior lender program

Participants: Existing managers who desire to enhance skills.

Objective

- To develop skills in lending managers to enable them deal with existing and prospective borrowers in a professional manner.

Content

Understanding business:

- Non-financial aspects such as strategy, structure and management
- Financial aspects such as historical and projected financial information
- Cash flow analysis
- Taxation and its impact on repayment capacity
- Business failure its early warning signs and appropriate action
- Sectoral issues

Managing lending relationships for various products, greater profitability, communication and/or negotiation in lending, credit policy and managing lending time.

THIS SECTION TO BE COMPLETED BY MANAGER WITH SKILLS/TASKS
APPROPRIATE TO BRANCH/DEPARTMENT AND INDIVIDUAL COMPETENCE LEVEL

[illegible][illegible][illegible]

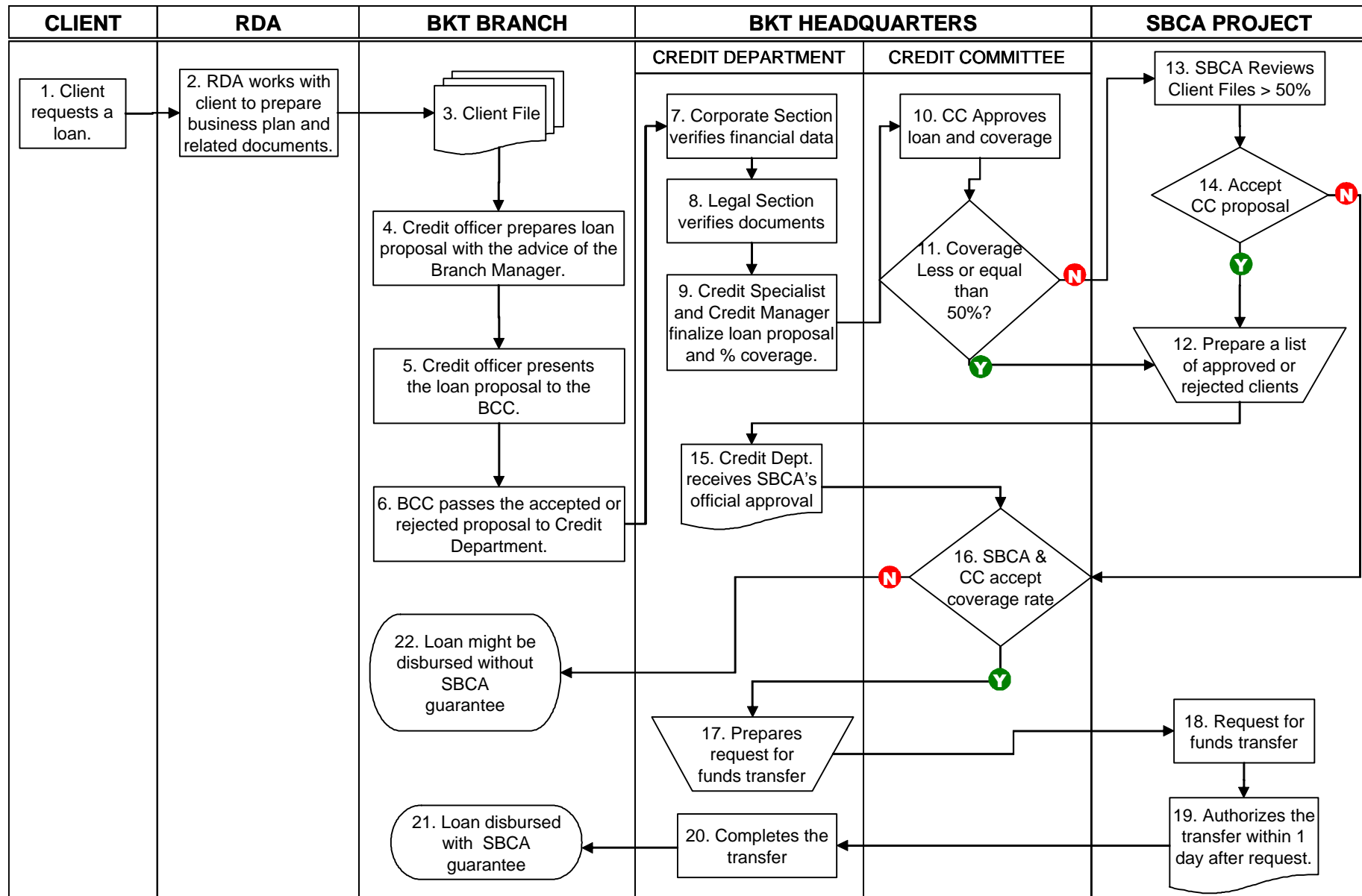
0: NO KNOWLEDGE/SKILL- TRAINING REQUIRED
1: SOME LIMITED KNOWLEDGE/SKILL- TRAINING REQUIRED
2: CAN COPE WITH MOST SITUATIONS- BUT SOME TRAINING REQUIRED
3: FULLY COMPETENT

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ANNEX 12

SBCA FUND LOAN APPROVAL PROCESS FLOWCHART

SBCA Fund Loan Approval Process Flowchart



SBCA Fund Loan Approval Process

The following notes should be read in conjunction with the attached flowchart. Paragraph numbers refer to the respective flow-chart symbol numbers.

1. Client requests a loan and proceeds to the nearest RDA.
2. RDA works with the client to prepare the business plan and documents required by the bank. Client and RDA submit the completed business plan and other documents to the branch.
3. Credit Officer opens a client file.
4. Credit officer starts the preparation of loan proposal with advice from the Branch Manager. A number of visits are made to the client if there is a need for further clarification.
5. Credit Officer completes the loan proposal and presents it to the Branch Credit Committee (BCC). The BCC is composed of the Branch Manager, Marketing Manager, Operations Manager, Credit officer and Marketing specialist. The Branch manager has the casting vote in the approval procedure.
6. If the BCC approves the loan proposal, the client file is sent for further approval to BKT Headquarters in Tirana. If the BCC rejects the proposal they specify the reasons for rejection and forward it to BKT Headquarters in Tirana.
7. The Credit Department subdivides the file into two parts. The Loan Proposal and client financial figures are sent to the Corporate Section, which continues the evaluation of the loan proposal. The Assistant Credit Specialist verifies the loan proposal and financial figures with approval from the Credit Specialist and the Credit Manager.
8. Legal documents (certificate of property, legal documents of the company etc.) are sent to the Legal Section where they are verified. After verification of the loan proposal and financial figures, the file is sent to the Credit specialist.
9. The Credit specialist does a sensitivity analysis based on the financial information finalizes the loan proposal and proposes the percentage of guarantee cover. The file is sent for approval to the Credit Committee (CC).
10. The CC approves the loan proposal submitted by the Credit Department. In case of rejection, the branch is informed and process stops.
11. The CC decides on the coverage rate.

If the Coverage is less or equal to 51%

12. SBCA prepares a list of approved and rejected clients, with agreed coverage rates and sector. Within one working day SBCA will send the approval to the BKT Credit Department (see 15 below).

If the Coverage is more than 50%:

13. SBCA reviews client files for BKT-proposed guarantees over 50%
14. Within five working days SBCA accepts or rejects BKT CC proposal. If yes, the application goes through the procedure in 12 above. If no, the client file is returned to the BKT CC (see 15 below) for acceptance or rejection. SBCA will return the client files to BKT in both cases.
15. Credit Department receives SBCA's official approval and is passed to the C.C.
16. CC agrees or disagrees with the coverage rate proposed and approved by SBCA.

If CC agrees with SBCA approved coverage rate:

17. Credit Department sends to SBCA a request for funds transfer from the SBCA bank account (in BKT) to the Guarantee account at least one day before the planned disbursement of the loan.
18. SBCA receives the Request for funds Transfer from BKT Credit Department.
19. Within one day SBCA sends to the Credit Dept. the signed authorization for funds transfer from the SBCA holding account to the Guarantee Account (Escrow). The authorization form will be prepared on a case-by-case basis and will enable the transfer to be completed within two days after the date of issue.
20. Credit Department completes the transfer from the SBCA bank account to the Guarantee account.
21. The branch disburses the loan partly guaranteed with SBCA guarantee. .

If CC disagrees with SBCA approved coverage rate:

22. The branch may disburse the loan without the guarantee or BKT can resubmit the application with less or equal to 50% (fifty percent) guarantee.

Note: When BKT introduces a client, the loan approval process will follow step 3 up to 22.

ANNEX 13

SUMMARY OF CLIENTS ASSISTED BY THE BKT

Summary of Clients Assisted by the BKT

No.	Name of the Company	Source	Sector	Loan Amount required	Maturity	Description of the Purpose
1	"KRISTI" Sh.p.k.	BKT	Processing and trade of marble and granite;	30,000 USD	3 years	Purchase of an equipment for further processing of marble and granite.
2	Thoma Cule	BKT	Production of furniture	50,000 USD	2 year	Purchase of machinery.
3.	Elektrik Universal	BKT	Performing of electric installation as well processing of them	20,000 USD	6 months	Purchase of aluminum and cooper wire.
4.	Florina V shpk	BKT	Production of towels, napkins of different size.	30,000 USD	2 years	Investment.
5.	Agim Topulli	BKT	Production of lampshade, floor-lamp.	30,000 USD	3 years	Investment on machinery.
6.	Peraj shpk	BKT	Production of trade confectionery (sweets, various kinds of crumpet)	30,000 USD	1 year	Working capital.
7.	Versik shpk	BKT	Setting up domestic heating stoves	50,000 USD	2 years	Working capital.
8.	Krek shpk	SBCA	Production of concrete tiles and slabs	50,000 USD	1 year	Purchase of machinery.
9.	Kllogjeri shpk	SBCA BKT	Production of chairs	50,000 USD	1 year	Purchase of machinery.

ANNEX 14

APPROVED LOAN APPLICATIONS WITH
PROPOSED GUARANTEE COVERAGE

Approved Loan Applications with Proposed Guarantee Coverage

No.	Name of the Company	Source	Sector	Loan Amount	Maturity	Coverage	Description of the Purpose
1	"KRISTI" Sh.p.k.	BKT	Processing and trade of marble and granite;	30,000 USD	3 years	30% = 9,000 USD	Purchase of an equipment for further processing of marble and granite.
2	Thoma Cule	BKT	Production of furniture	50,000 USD	2 years	40%=20,000USD	Purchase of machinery.
3	Elektrik Universal	BKT	Performing of electric installation as well processing of them	20,000 USD	6 months	30%=6,000 USD	Purchase of aluminum and cooper wire.
4	Florina V shpk	BKT	Production of towels, napkins of different size.	30,000 USD	2 years	40%=12,000 USD	Investment.
5	Agim Topulli	BKT	Production of lampshade, floor-lamp.	30,000 USD	3 years	40%=12,000 USD	Investment on machinery.
6	Peraj shpk	BKT	Production of trade confectionery (sweets, various kinds of crumpet)	Lek 4,000,000*	1 year	30% = 1,200,000 Lek*	Working capital.
7	Versik shpk	BKT	Setting up domestic heating stoves	50,000 USD	2 years	40% = 20,000 USD	Working capital.

* The article in the Guarantee Agreement related to the Guarantee Deposit Fund will be changed. So the Guarantee Deposit Fund for the client will be in USD and will be established after the amendment is undertaken.

ANNEX 15

SBCA FUND LOANS DISBURSED TO DATE
WITH GUARANTEE COVERAGE

SBCA Fund Loans Disbursed to Date with Guarantee Coverage

Report Date: 27/Nov/02

Class 4: Secret Information

Brn.	Customer	Rem. Days	Outstanding	CCY	Disburs. Date	Maturity Date	Sector	Interest Rate	Collateral	USD Equivalent	Coverage Rate	Coverage Amount
402	"KRISTI" SHPK- NAUM DHIMOSHI	1,100	30,000.00	USD	26/11/2002	1/12/2005	Cutting, shaping & finishing of stone	12.00%	Land and building	30,000	30%	9,000
402	TOTAL									30,000		9,000

Brn.	Customer	Rem. Days	Outstanding	CCY	Disburs. Date	Maturity Date	Sector	Interest Rate	Collateral	USD Equivalent	Coverage Rate	Coverage Amount
405	ELEKTRIK UNIVERSAL SH.P.K.	187	20,000.00	USD	26/11/2002	2/06/2003	Electrical and optical equipment	12.00%	Building	20,000	30%	6,000
405	TOTAL									20,000		6,000

Brn.	Customer	Rem. Days	Outstanding	CCY	Disburs. Date	Maturity Date	Sector	Interest Rate	Collateral	USD Equivalent	Coverage Rate	Coverage Amount
406	THOMAQ CULE	705	50,000.00	USD	30/10/2002	1/11/2004	Other manufacturing	13.00%	Land and building	50,000	40%	20,000
406	TOTAL									50,000		20,000

Brn.	Customer	Rem. Days	Outstanding	CCY	Disburs. Date	Maturity Date	Sector	Interest Rate	Collateral	USD Equivalent	Coverage Rate	Coverage Amount
409	VERSIK SH.P.K.	369	50,000.00	USD	27/11/2002	1/12/2003	Manufacture of domestic applian.	12.00%	Land and building	50,000	40%	20,000
409	TOTAL									50,000		20,000

Brn.	Customer	Rem. Days	Outstanding	CCY	Disburs. Date	Maturity Date	Sector	Interest Rate	Collateral	USD Equivalent	Coverage Rate	Coverage Amount
410	FLORIAN V SH.P.K.	719	30,000.00	USD	14/11/2002	15/11/2004	Finishing of textiles	13.00%	Land and building	30,000	40%	12,000
410	PERAJ SH.P.K.	369	4,000,000.00	ALL	27/11/2002	1/12/2003	Manufacture of other foods	17.00%	Land and building	29,011	30%	8,703
410	TOTAL									59,010.73		20,703

	GRAND TOTAL									209,010.73		75,703
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